

# SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2022 – MARCH 31, 2023



**FEDERAL COMMUNICATIONS COMMISSION**  
**OFFICE OF INSPECTOR GENERAL**

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## 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 March 31, 2023. In accordance with [Inspector General Act](#), as amended, [5 U.S.C. § 405](#), this report summarizes the activities and accomplishments of the 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](#), 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 undertaking proactive work focused 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.

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.

Finally, I would like to acknowledge the great loss our office has suffered with the passing in January of our Inspector General, David L. Hunt. David served as Inspector General of the Federal Communications Commission since 2011. Prior to that, he served as Assistant Inspector General for Investigations, as well as Acting Inspector General. A dedicated public servant, David began his federal career in 1996 when he joined the Commission as an attorney-advisor in the Pricing Division of the former

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Common Carrier Bureau where he helped implement some of the most complex provisions of the 1996 Telecommunications Act. David was a strong leader whose appointment to the position of inspector general heralded a new era for OIG that witnessed growth and reputational excellence. He was a valued colleague and friend, and his contributions to our office and devotion to the IG community will always be remembered.



Sharon R. Diskin  
**Acting Inspector General**

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## ABBREVIATIONS & ACRONYMS

ACP	Affordable Connectivity Program
ARPA	American Rescue Plan Act
AIG	Assistant Inspector General
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
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
FY	Fiscal Year
GAO	Government Accountability Office
IPA	Independent Public Accountant
IG	Inspector General
IP-CTS	Internet Protocol Captioned Telephone Service
IT	Information Technology
Kearney	Kearney and Company, P.C.
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
OFID	Operations, Financial, and Information Technology Division
PBGC	Pension Benefits Guaranty Corporation
PII	Personal Identifiable Information
PIIA	Payment Integrity Information Act

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PN	Public Notice
PQAD	Policy and Quality Assurance 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
USFD	Universal Service Fund Division
WCB	Wireline Competition Bureau

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## 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 typically 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 and Nathan Simington 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 and resident agents 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 assisting 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 accomplishments and activities of OIG from October 1, 2022 through March 31, 2023, as well as its 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 new programs used existing USF program infrastructure, USAC also administers most of the FCC's new 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

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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.

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 more than \$6.6 billion in funding to support approximately 10,000 schools, 1,000 libraries and 100 consortia, and provided nearly 13 million connected devices and over 8 million broadband connections.

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

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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. Between August 26, 2021 and January 26, 2022, the Commission had committed \$256 million in funding to 447 awardees. The FCC Wireline Competition Bureau (WCB) extended the deadline for Round 2 funding recipients to purchase eligible devices and implement eligible services from July 31, 2022 to October 31, 2022, and therefore also extended the deadline for submitting invoices for reimbursement by three months. As the Department of Health and Human Services expects to allow the Public Health Emergency to expire at the end of the day on May 11, 2023, the OIG anticipates the emergency period for purposes of the COVID-19 Telehealth Program would correspondingly end on the same day.

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.

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## OFFICE OF MANAGEMENT

### **Office Staffing**

Our office consists of 46 experienced professional and administrative staff including 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 working remotely full-time for three years. Technological solutions facilitated remote meetings, investigations, audits, an external peer review of another OIG, staff recruitment and hiring, data reporting, training, and overall office management. Throughout, the staff exhibited professionalism, dedication, and commitment to the our mission and to serving the public interest.

#### **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. OIG-assigned office space is not within a limited-access secured perimeter. Thus, anyone with access to the FCC headquarters may freely enter this space.

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

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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 directly adjacent to two cubicles occupied by OIG data analysts working on some of the most critical and sensitive 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. Yet, because the FCC has continually identified problems with our suggested remedies, rather than provide workable solutions, 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.

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## OFFICE OF INVESTIGATIONS

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

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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.

At this juncture, 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

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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 USPIS 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.

Due to the unforeseen and untimely passing of FCC's Inspector General, the Acting Inspector General has taken up the task of eliminating Commission roadblocks to hiring qualified criminal investigators. CIGIE has provided guidance to the Acting Inspector General to develop a path forward if Commission roadblocks cannot be eliminated.

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### **Activity During This Period**

Cases pending as of September 30, 2022.....	48
New Cases.....	10
Cases Closed.....	3
Cases pending as of March 31, 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.

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Highlighted below are a few matters that have had public developments during the reporting period:

## **Lifeline, Emergency Broadband Benefit Program and Affordable Connectivity Program**

### ***Proactive work***

#### *OIG's Recommendations Regarding the Commission's ACP Data Collection Order*

On November 15, 2021, the President signed the Infrastructure Act. This statute, *inter alia*, modified and extended the EBB Program into a longer-term broadband subsidy program, the ACP. The Infrastructure Act also requires the Commission to issue “broadband transparency rules” regarding the annual collection of information about the price and subscription rates of internet service offerings received by households enrolled in the ACP within one year of its enactment.

On June 7, 2022, the Commission issued a Public Notice (PN) to seek comment on the data to be collected, the mechanism for collecting the data, and the format for the data's publication. In response, on October 6, 2022, OIG shared its recommendations with the Commission. OIG's recommendations focused on fraud prevention, highlighting waste, and collecting data useful to OIG investigations. The Commission did not adopt any of OIG's recommendations. Below, we summarize 1) OIG's most noteworthy recommendations; and 2) the Commission's explanation for declining to adopt the recommendations.

- **Incentives and Discounts**: OIG recommended the Commission require providers to report any incentives, including promotional discounts, offered to customers who enroll in service eligible for ACP support. As OIG shared with the Commission, our office learned through complaints and investigations that at least several providers have offered gift cards and other incentives to customers for enrolling in ACP-supported service. OIG is concerned that incentives and promotional offers may lure subscribers who might not otherwise desire ACP service to enroll, particularly if prospective subscribers are not required to contribute financially to the cost of their ACP service. The Commission declined to adopt this recommendation. The Commission explained that 1) the value of such incentives would not inform the Commission of the price of the ACP discount service absent the discount; and 2) the information is outside the scope of the Commission's authority for the data collection. Providers may provide information related to discounts for auto payment or paperless billing or other discounts voluntarily.

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- Subscriber Usage: OIG recommended the Commission require providers to report the amount of data used by each subscriber each month. The collection of subscriber-level, monthly usage data is the clearest, most straight-forward way for the Commission to measure the performance of the ACP and to assess and prevent wasteful payments for service that was never requested by the consumer, abandoned, or barely used. Under the current usage standard, the Commission cannot assess whether subscribers are actually using broadband service. For example, qualifying “usage” may be satisfied by a subscriber responding to direct contact from the provider on a third-party device to confirm that he or she wants to continue receiving ACP service. Finally, the collection of monthly subscriber data usage would have significant enforcement benefits. As OIG reminded the Commission, a number of Lifeline Eligible Telecommunications Carriers (ETCs), including Sprint and TracFone, discovered extensive problems with their own usage monitoring and compliance in recent years only after they were pushed to investigate or report data usage to regulators, investigators, or auditors. Those providers collected hundreds of millions of dollars in improper subsidies.

Although the Commission declined to adopt this recommendation after it determined the collection of subscriber-level data may require consumer consent, it is requiring ACP providers to submit aggregated information related to service usage.

- Aggregate versus Subscriber-Level Data: OIG also expressly warned the Commission that the collection of aggregated program data is not a substitute for collecting subscriber-level data. The collection of aggregate data depends on 1) the trustworthiness of providers; 2) the competence of provider personnel to aggregate data; and 3) the consistent use of the same method of aggregation by all providers. Aggregate-level data may hide or disguise a multitude of problems and is generally unhelpful for policing program integrity. Moreover, Congress intended and anticipated the collection of subscriber-level data when it instructed the Commission to protect PII in the publicly available annual data collection. While the Commission declined to collect subscriber-level information, due to “statutory challenges” and consumer consent requirements, the Commission sought further comment on subscriber-level data collection.

In response to the Commission’s explanations, OIG emphasized that these recommendations are important for the long-term integrity of the ACP and noted that we consider these standing recommendations for the Commission to reconsider. The FCC’s March 27, 2023, request for comment on the data fields to be collected under the ACP Transparency Data Collection—which failed to include any of OIG’s

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recommendations—is further, public evidence that the FCC disregarded our prior recommendations.

*OIG Recommendation Concerning Verifier Data to be Shared with Lifeline and ACP Providers*

Lifeline and ACP providers have complained to OIG that the Commission and USAC do not share important Lifeline and ACP consumer information that would assist providers in ensuring compliance with program rules. During the reporting period, OIG recommended that the Commission and USAC share the following consumer information with providers in the National Lifeline Accountability Database (NLAD):

1. Benefit Qualifying Person’s (BQP) PII;
2. Consumer service address;
3. Consumer email address supplied to the Verifier and NLAD;
4. Qualifying program information;
5. Whether the consumer was qualified using National Verifier database connections or manual review; and
6. Date and time of the consumer’s National Verifier approval/qualification.

OIG made clear the information listed above should be shared with a provider only after a successful customer enrollment transaction.

In addition, OIG made two recommendations related to NLAD data integrity. First, we recommended that complete qualifying program information be recorded in NLAD for all consumers including consumers qualified based on Lifeline program participation. Second, we recommended that if a provider de-enrolls a consumer due to fraud concerns and USAC agrees with the provider’s justification, USAC should revoke the consumer’s National Verifier application and qualification. A Lifeline or ACP consumer de-enrolled for fraud concerns should be required to reapply to qualify for program support.

We look forward to a response from the Commission and will update Congress accordingly.

*OIG Recommends Revision of the Commission’s ACP Service Transfer Rules*

On March 29, 2023, OIG made a presentation to the Wireline Competition and Enforcement Bureaus regarding unauthorized and abusive transfers of subscribers’ ACP service benefits by providers without obtaining the consent of subscribers who are already enrolled with preferred providers. These unauthorized transfers result in

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monetary losses to the ACP as well as the loss of ACP benefits to subscribers. Also, OIG sent a referral to the Bureaus on March 23, 2023, recommending that the Bureaus consider suspending and removing from the program a provider engaging in these unauthorized benefit transfers.

Since the initiation of the EBB Program and its successor ACP, OIG has monitored subscriber complaints to the Commission and USAC regarding the unauthorized transfer of ACP benefits by providers. The FCC and USAC continue to receive many complaints about this practice.

The ACP transfer rules limit a subscriber to one transfer of their ACP benefit per month, subject to four exceptions. Transfers made pursuant to these four exceptions are not subject to a limit, and USAC's current transfer procedure does not require a provider to furnish proof of a subscriber's consent. OIG advised the Bureaus that some ACP providers abuse transfer exceptions to make further unauthorized transfers. These providers file applications to transfer a subscriber's benefit without the subscriber's authorization and use a transfer exception to process the application with USAC. In some cases, transfer exceptions are used for more than half of a provider's overall transfers, and subscribers obtained through transfer exceptions constitute a high percentage of these providers' overall ACP subscribers. Many of these providers simply transfer ACP subscribers among themselves multiple times a month.

When a subscriber's benefit is transferred to an abusive ACP provider without consent, the subscriber's preferred ACP provider automatically cancels the subscriber's ACP benefit and bills the subscriber at its standard rate for their service. The abusive provider may file a claim for providing ACP service to the subscriber. It takes at least a month, and in some cases more, before a subscriber can transfer back to their preferred provider's service. In the interim, the subscriber must pay the preferred provider's rate for their broadband service without the ACP discount. Until the ACP benefit is reversed, ACP funds are likely paid out to the abusive provider when the subscriber is not likely receiving the abusive provider's broadband service.

OIG recommended the ACP transfer process be modified so that providers cannot easily circumvent controls to prevent the practice of unauthorized ACP transfers, and further, consider suspending and ejecting those providers engaging in this egregious conduct from the ACP, as well as other policy and rules modifications. We also reiterated our recommendation, first made when the Commission drafted the ACP rules, that USAC validate all consumer enrollments and transfers using the contact information supplied by the subscriber during the enrollment process.

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### *OIG's Duplicate BQP Agent Lockout Recommendation*

As noted in our last SAR, in September 2022, OI issued a public advisory regarding a fraud scheme in which agents at several ACP providers repeatedly used the same BQP's PII to enroll numerous households in ACP. Most households are eligible for ACP support based on the subscriber's own participation in a qualifying federal program like the Supplemental Nutrition Assistance Program or Medicaid. Other subscribers are eligible through a BQP—another household member, such as a child or dependent, who meets one of the ACP eligibility requirements. Subscribers who apply for ACP support based on a BQP's eligibility are required to furnish certain BQP's PII to the National Verifier and NLAD as part of the ACP verification and enrollment processes. Fewer than a hundred providers' agents were responsible for the majority of these fraudulent enrollments.

Following that advisory, OI recommended USAC lock out the agents involved in this misconduct. When USAC “locks out” an agent, the agent can no longer access the National Verifier or NLAD, two USAC systems essential to enroll program beneficiaries. In all, OI identified 96 agents as involved in the creation of multiple duplicate BQP enrollments.

In October 2022, after OI shared its findings with USAC, USAC issued lockouts to 34 agents involved in creating duplicate BQP enrollments. Collectively, these 34 agents were responsible for creating over 4,700 ACP enrollments using duplicative BQP identities. One of the agents used one child's PII to fraudulently enroll over 740 subscribers in Tulsa, Oklahoma.

In November 2022, OI further recommended USAC lockout an additional 62 agents based upon evidence showing their Representative Accountability Database (RAD) IDs were used to create multiple ACP enrollments using duplicative BQP PII. In January 2023, USAC locked out 54 of these agents for their roles in creating ACP enrollments using duplicate BQPs. USAC also shared its reasoning for not locking out the remaining eight agents at this time. Collectively, these 54 agents were responsible for creating over 1,300 fraudulent ACP enrollments using duplicative BQP identities. This brought the total number of agents USAC has locked out for BQP misconduct to 88. In total, USAC has locked out 330 agents since 2020; more than half the lockouts were a result of OI's investigative findings.

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## ***Ongoing Investigations***

### ***Longtime Lifeline Agent Sentenced After Conviction for Conducting a Criminal Enterprise and Identity Theft in Michigan***

On February 17, 2023, Dewan Williams was sentenced to 2 to 20 years in the Michigan Department of Corrections and ordered to pay restitution after pleading guilty to charges of conducting a criminal enterprise and identity theft. Williams, a longtime sales agent for multiple Lifeline providers, used stolen personal information to fraudulently enroll unsuspecting victims into the Lifeline program and obtain free wireless phones provisioned with Lifeline service. Williams later sold the illegally obtained wireless phones for personal profit. Investigators recovered 150 new and pre-packaged Safelink wireless phones as well as the stolen personal information of approximately 7,000 identity theft victims from his home. OIG assisted the investigation conducted by the Michigan Department of Attorney General, the Michigan Department of Health and Human Services, the State of Michigan OIG, and Michigan State Police.

## **E-Rate and Emergency Connectivity Fund Programs**

### ***Proactive Work***

#### ***Creation of an Online Competitive Bid Repository within EPC***

On January 27, 2022, the Commission released its Notice of Proposed Rulemaking (NPRM) seeking comments on establishing a competitive bid repository. The OIG first brought this issue to the agency's attention in January 2017. *See SAR April 1, 2017 – Sept. 30, 2017*. OI has been monitoring the filings in this proceeding, which have been generally against the proposed bid repository. However, on August 16, 2022, the DOJ Antitrust Division filed an *ex parte* comment in the proceeding, recommending the Commission adopt the proposal. In part, the Antitrust Division stated 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. OI has learned the Commission is currently drafting recommendations related to the competitive bidding portal and ascertaining the feasibility of making a portal available by the goal stated in the NPRM of funding year 2024.

#### ***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

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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.

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 became 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 continue 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 new subsidy programs at the FCC, the Commission is unable to take steps to protect itself from irresponsible actors who seek to take advantage of new 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.

#### *Notification Process for Cancelled FCC Form 470*

As noted in the last reporting period, OI became aware USAC does not employ a mechanism to notify service providers when an applicant seeks to or has cancelled its

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FCC Form 470. OI informed the FCC WCB of this recommendation on April 1, 2019, and was informed by FCC Office of Managing Director (OMD) 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. OMD's most current update to OI is FCC staff have been discussing the issue with USAC and are awaiting feedback on technical challenges or other considerations. OI has not received an update since that time regarding its recommendation.

### *Anti-Corruption Coalition*

OIG joined the Eastern District of Louisiana Anti-Corruption Coalition and attended its inaugural meeting. The Coalition consists of over 25 local, state, and federal agencies focused on identifying, investigating, and eliminating corruption in the Eastern District of Louisiana. The Coalition will allow OIG and the participating member agencies to work together as a force multiplier to maximize resources and protect the integrity of public money.

### *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.

### *New York Based Service Providers, Consultants and School Officials*

Our nearly decade long joint investigation with the FBI and the Rockland County District Attorney's Office concerning fraudulently obtained E-Rate funds culminated during this reporting period. Peretz Klein, Ben Klein, Moshe Schwartz, Simon Goldbrener, Sholem Steinberg, Aron Melber, and Susan Klein previously pled guilty in White Plains federal court to one count of conspiring against the United States to defraud the E-Rate program.

The schools at issue in this case never received millions of dollars' worth of equipment and services for which the defendants billed the E-Rate program. In some instances, the schools and the defendants requested hundreds of thousands of dollars of sophisticated technology that served no real purpose for the student population. For example, from 2009 through 2015, one day care center that served toddlers from the ages of two through four requested over \$700,000 – nearly \$500,000 of which was ultimately funded – for equipment and services – including video conferencing and distance learning, a “media master system,” sophisticated telecommunications systems supporting at least 23 lines, and high-speed internet – from companies controlled by

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certain defendants. In still other instances, the schools received equipment and services that fulfilled the functions for which the schools had requested E-Rate funds (such as providing the school with internet access), but the schools and the defendants materially overbilled the E-Rate program for the items provided to enrich themselves at the expense of the underprivileged children the program was designed to serve.

The defendants also perverted the fair and open bidding process required by the E-Rate program. Defendants who held themselves out as independent consultants working for the schools, in truth worked for and were paid by other defendants who controlled vendor companies. These defendants presented the schools with forms to sign or certify, awarding E-Rate funded contracts to companies owned by several defendants. As a result of false and misleading filings, the defendants received millions of dollars in E-Rate funds for equipment and services that they did not, in fact, provide and which the schools did not use, and the defendants purporting to act as consultants accepted payments totaling hundreds of thousands of dollars from the vendors, despite falsely presenting themselves as independent of the vendors.

In return for their participation in the scheme to defraud the E-Rate program, schools and school officials received a variety of improper benefits from certain defendants, including a percentage of the funds fraudulently obtained from E-Rate for equipment and services that were not, in fact, provided to the schools; free items paid for with E-Rate funds but not authorized by the program, such as wireless phones for school employees' personal use and alarm systems and security equipment (which the E-Rate program does not authorize) installed at the schools; and free services for which the E-Rate program authorizes partial reimbursement (such as internet access) but for which the schools did not – contrary to their statements in filings – make any payment at all.

Peretz Klein, Moshe Schwartz, and Susan Klein were sentenced during the previous SAR period. The following is a summary of the remaining four defendants and the sentences they received:

Ben Klein, 43, of Monsey, New York, was sentenced on October 19, 2022, to 27 months in prison followed by 24 months of supervised release and was ordered to forfeit \$275,160.00 and to pay restitution of the same amount. Ben Klein held himself out as multiple vendors to schools participating in the E-Rate program. In his guilty plea, Ben Klein admitted the companies he controlled did not in fact provide much of the equipment for which he billed the federal government.

Simon Goldbrener, 59, of Monsey, New York, was sentenced on November 7, 2022, to 24 months in prison followed by 24 months of supervised release and was ordered to forfeit \$479,357.18 and to pay restitution of the same amount. Goldbrener held himself out as a consultant, supposedly helping schools to participate in the E-Rate program by, among other things, holding a fair and open bidding process to select cost-effective vendors. Goldbrener admitted he was

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paid hundreds of thousands of dollars by vendors to complete and file false E-Rate documents that circumvented the bidding process and resulted in the payment of millions of dollars to those vendors

Sholem Steinberg, 43, of Monsey, New York, was sentenced on November 7, 2022, to 12 months and one day in prison followed by 24 months of supervised release and was ordered to forfeit \$191,423.50 and to pay restitution of the same amount. Steinberg held himself out as multiple vendors to schools participating in the E-Rate program. In his guilty plea, Steinberg admitted the companies he controlled did not in fact provide much of the equipment for which he billed the federal government.

Aron Melber, 47, of Monsey, New York, was sentenced on February 28, 2023, to nine months in prison followed by 24 months of supervised release and was ordered to forfeit \$127,654.55 and to pay restitution of the same amount. Melber was an official at a private religious school in Rockland County, New York that participated in the E-Rate program with some of the defendants. Melber admitted that he filed false certifications with the E-Rate program, falsely claiming to have obtained authorized E-Rate funded equipment and services from vendors selected through a fair and open bidding process.

#### *Former Kentucky Based Vendors*

On February 9, 2022, Charles A. “Chuck” Jones of Murray, Kentucky pled guilty to one count of conspiracy to commit wire fraud pursuant to a plea agreement. Jones pled guilty to a decade-long scheme and conspiracy to defraud the E-Rate program. Jones paid kickbacks to a Tennessee-based E-Rate consultant, which corrupted the required fair and open competitive bidding process. On March 12, 2023, the Court sentenced Jones to 18 months imprisonment, followed by three years of supervised release. The Court also ordered Jones to pay \$3.5 million in restitution to USAC, with payments made in regular monthly installments consisting of 20% of his gross monthly income. The sentencing of one of Jones’s co-conspirators, Mark J. Whitaker also of Murray, Kentucky, is now set for June 5, 2023. Whitaker pled guilty in federal court in Memphis, TN in February 2020 to concealing the decade-long E-Rate program wire fraud scheme (18 U.S.C. § 4) and admitted to actively concealing a scheme by his co-conspirator, Jones, to defraud the E-Rate program.

#### *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.

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### ***Emergency Connectivity Fund***

OI has devoted a significant amount of staff time and resources during this reporting period to ensure program funds are utilized appropriately by the intended beneficiaries. During the past reporting period, OI received ECF data from USAC. OI completed its evaluation of this data in the current reporting period, and based on that evaluation began collecting documentation from selected schools and libraries participating in the program. Based on the evaluation of documentation collected, OI staff and its contracted staff have conducted site visits at approximately 60 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. As these problems have appeared, OI has reported them to the FCC WCB. OI also observed a double payment on an invoice to a program beneficiary. OI brought this issue to USAC's attention so USAC can seek to recover funding. On March 1, 2023, WCB released a PN reminding participants in the ECF of their ongoing compliance obligations. The issues raised in this PN were directly related to OI's reported observations during its site visits. OI has referred additional issues to WCB and plans to refer additional issues if they are observed in additional OI site visits. OI, however, has not referred all matters to the WCB and is investigating several matters found during site visits. If OI determines these matters do not rise to the level of fraud, OI will refer them to WCB for administrative remedies.

### **Rural Health Care Program**

OI staff are devoting substantial amounts of time and resources on matters involving the RHC program. Due to delays outside OI's control, OI anticipates it can report on the results of at least some of this work in the next reporting period.

### **COVID-19 Telehealth Program**

OI has moved forward to collect data to evaluate program integrity. OI anticipates the collection and evaluation of program data for risk factors of fraud, waste, and abuse to begin in the next reporting period. Based upon the results of OI's evaluation, OI may take various steps, such as conducting site visits (as with the ECF), open preliminary investigations, or refer matters to WCB for administrative review. OI has also made various suggestions to OA for possible audits within this program.

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## **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, we have supported multiple ongoing criminal investigations and undertaken efforts to further our data analysis of other FCC 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.

## **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](mailto: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:

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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](http://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. 18,882 Hotline contacts. Of these, none were referred to OIG for possible case opening.
2. 263 were referred to FCC Consumer Center or other FCC Bureaus.
3. 355 were referred to other agencies.

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## 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 projects are designed to monitor efforts and activities undertaken to meet the agency's goals and mission, and to assess how the Commission's rules and regulations are being implemented by beneficiaries and other program participants. These projects promote economy, effectiveness, and efficiency in FCC programs and operations, and detect and deter fraud, waste, and abuse. 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](#) (Blue Book).

OA is organized into three divisions:

- the Operations, Financial, and Information Technology Division (OFID),
- the Universal Service Fund Division (USFD), and
- the Policy and Quality Assurance Division (PQAD).

OFID and USFD perform audits, evaluations, inspections, and other projects. Because of limited resources we staff our projects using a combination of OA personnel and contracted audit specialists. 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. Additionally, OFID and USFD select and conduct projects using a risk-based approach. OA has determined that projects concerning ECF, Telehealth, and Broadband mapping meet our risk-based criteria; our plan is to staff these projects as resources become available through recruitment or as staff complete ongoing projects. Additional information regarding completed, other planned projects, and ongoing projects are included in the division sections below.

The PQAD 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.

### **Operations, Financial, and Information Technology Division**

OFID conducts mandatory and discretionary audits, inspections, and evaluations of FCC programs and operations. OFID's annual mandatory projects include the annual

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Financial Statement audit, the Federal Information Security Management Act (FISMA) evaluation, and the Payment Integrity Information Act (PIIA) audit. OFID performs other periodic mandated projects such as those related to the COVID-19 pandemic response, the Commission's privacy and data protection initiatives, and the government charge card program.

OA contracts with Independent Public Accountant (IPA) firms for many of the mandatory projects. OFID uses a risk-based approach to select discretionary projects and, as noted above, depending on available staffing and other resources, may complete the projects in-house or contract the work to IPA firms. OFID discretionary projects can include multiple areas of FCC operations. For example, the division is currently preparing to review the Supply Chain reimbursement program which was established by the Secure and Trusted Communications Networks Act of 2019.

OFID completed two projects during this reporting period. Three OFID projects are in process. The results of the in-process projects will be summarized in a future semi-annual report.

### **Completed OFID Projects**

#### [Fiscal Year 2022 Consolidated Financial Statement Audit \(Report No. 22-AUD-06-01\)](#)

Federal law requires the FCC to prepare annual consolidated financial statements and the OIG to audit those statements. Under the oversight of OA, Kearney & Company (Kearney) performed an audit of the FCC's Fiscal Year (FY) 2022 consolidated financial statements. As a result of Kearney's audit, three reports were issued, dated November 15, 2022.

In the Independent Auditor's Report on the Financial Statements, Kearney expressed an unmodified opinion. In the Report on Compliance and Other Matters, Kearney did not report any instances of noncompliance.

In the Report on Internal Controls over Financial Reporting, Kearney reported one significant deficiency related to IT controls for FCC and the USF. The significant deficiency was a repeat issue from FY 2021 and prior year audit reports.

Kearney made 21 recommendations to improve the effectiveness of IT controls over FCC and USAC. The details of the IT findings and recommendations were included in the separate FISMA evaluation report. FCC management concurred with all the findings and recommendations cited in the report.

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[Fiscal Year 2022 Federal Information Security Modernization Act Evaluation](#)  
[\(Report No. 22-EVAL-06-01\)](#)

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 performed the FY 2022 FISMA evaluation. Based on their results, the OIG submitted the completed FY 2022 DHS IG FISMA Metrics questionnaire for government-wide reporting to Congress on July 29, 2022, and subsequently at the end of the fiscal year. The OIG issued the non-public version of the FY 2022 FISMA Evaluation Report on February 28, 2023, and published the public report on the FCC website on March 15, 2023.

The evaluation report includes eight findings and offers 21 recommendations intended to improve the effectiveness of the FCC's information security program controls. Kearney assessed the FCC's security processes related to the five high-level NIST Cybersecurity Functions and determined that one function (Recover) was at a maturity Level 4, Managed and Measurable, meaning the function is considered effective; two functions (Identify and Respond) were at a maturity Level 3, Consistently Implemented, meaning the functions have been implemented but they lack measures of effectiveness; and two functions (Protect and Detect) were at a maturity Level 2, Defined, which means the functions are not consistently implemented agency-wide. Additionally, five of the eight findings address security weaknesses that were repeated or updated from prior year FISMA evaluations.

### **In-Process OFID Audits and Other Projects**

[FY 2022 Audit of the Federal Communications Commission's Compliance with the Payment Integrity Information Act of 2019 2019 \(Project No. 23-AUD-01-03\)](#)

The PIIA of 2019 (Public Law 116-117) requires OIGs to annually determine their respective agency's compliance with the statute. Under the oversight of OA, a contractor was engaged to audit the payment integrity information of the FCC included in its FY 2022 Agency Financial Report (AFR) and posted on [www.paymentaccuracy.gov](http://www.paymentaccuracy.gov). The objective of the audit is to determine FCC's compliance with the PIIA. PIIA directs federal agencies and departments to undertake activities designed to reduce and recover improper payments.

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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 FCC’s implementation of ACP. The overall objective of the audit is to determine if FCC implemented the ACP in accordance with the requirements of the Infrastructure Act.

Specific objectives included the following:

1. Determine whether 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 prevent and detect fraud, waste, and abuse;
2. Determine whether FCC complied with agency oversight requirements for consumer complaint resolution and participating provider compliance as defined in Section 60502(9) Commission Oversight;
3. Determine if the FCC conducted effective outreach efforts, as described in section 60502 10 (C) Commission Outreach, to identify eligible households, encourage them to enroll in the ACP, and provide information on how to enroll;
4. Determine whether 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 the prior OIG and GAO audits of the EBB Program.

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 has implemented its data protection and privacy program during the period October 1, 2020, to September 30, 2021.

**Universal Service Fund Division**

The USFD performs audits, inspections, and surveys to review the administration of USF programs as well as selected fund recipients (telecommunications service providers and other beneficiaries). USFD is divided into three functional audit Directorates: Contributors and Lifeline; High Cost; and E-Rate and RHC. USFD audit

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projects are designed to detect and prevent fraud, waste, and abuse, and promote economy, effectiveness, and efficiency in USF programs. USFD’s risk-based approach helps us pursue and plan projects which focus our limited resources on areas with the highest risk, in the most cost-effective manner. USFD communicates regularly with internal and external offices of the agency and USAC to coordinate projects and share information such as emerging program risks, prior audit results, data sources, testing tools, and new USF program developments and initiatives. The division is currently preparing one project: a review of the High-Cost Universal Broadband (HUBB) activities.

USFD has four projects currently in process. Results will be summarized in a future semiannual report.

### **In-Process USFD Audits and Other Projects**

#### Audit of USAC's Oversight of the USF Contributions Process (Project No. 23-AUD-05-01)

The objective of this performance audit is to determine whether internal controls over the USF payment process via the E-file system are effective, timely, and include all eligible service providers.

#### 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 47 C.F.R. §§ 54.601 - 54.607, 54.619 - 54.633. The audit also includes one evaluation of the beneficiary's compliance with FCC rules and orders for RHC providers relevant to the audit objective.

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

The objective of this performance audit is to determine if the Orange County Public Library system complied with FCC rules and orders applicable to the E-Rate program. The audit also includes an evaluation of the beneficiary’s internal controls applicable to the objective.

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## 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.

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[See Appendix B: Reports Issued in Prior Periods for which a Management Decision is Pending as of March 31, 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 review<sup>1</sup> 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 2 most recent peer reviews completed, EXIM I&E peer review and the PBGC Audit peer review, have been fully implemented.*

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

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<sup>1</sup> 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.

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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 the 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. NARA OIG’s management concurred with the findings and recommendations and issued a memo initiating its corrective actions, effective March 6, 2023. [See Appendix C: Peer Review Results, for further details.](#)*

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, six people, including one company and its principal, were referred to the Department of Justice for criminal prosecution.*
- (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—

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(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 9-10 and 11-13.*

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) Lifeline Audit of Head Start, Inc. (Project No. 18-AUD-01-01)

*On February 6, 2023, the OIG terminated the FY 2018 Lifeline Program Audit of Head Start, Inc (Project No. 18-AUD-01-01). The audit was initiated in May 2018. The audit objective was to determine whether claims for Lifeline program reimbursements by the telecommunications service provider, Head Start, Inc, were in accordance with 47 §§ C.F.R. 54.400- 54.423. The scope for the review included*

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*reimbursement claims made from August 2016 through September 2017. We suspended the audit in February 2021 after the OIG’s Office of Audit experienced significant turnover and logistical challenges exacerbated by the COVID-19 pandemic. We did not have the staff and resources to remobilize and complete additional testing to ensure the audit complied with Generally Accepted Government Auditing Standards (GAGAS). The audit was therefore terminated without issuing an audit report.*

Spruce Knob Seneca Rocks Telephone, Inc. HC Beneficiary  
(Project No. 18-AUD-08-07)

*On February 7, 2023, the OIG terminated the performance audit of Spruce Knob Seneca Rocks Telephone, Inc. (Project No. 18-AUD-08-07). The audit was initiated in May 2018. The audit objective was to determine whether the Spruce Knob Seneca Rocks Telephone, Inc. complied with FCC Rules, regulations, and orders governing the High-Cost Program Connect America Fund for disbursements received by the company from January 1, 2017 through December 31, 2017. We suspended the audit in January 2022 after the OIG’s Office of Audit experienced significant turnover and logistical challenges exacerbated by the COVID-19 pandemic. We did not have the staff and resources to remobilize and complete additional testing to ensure the audit complied with GAGAS. The audit was therefore terminated without issuing an audit report.*

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

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## 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>Recommendations regarding Commission's ACP Data Collection Order</i>	Please refer to page 15 of this report.
<i>OIG Recommendation Concerning Verifier Data to be Shared with Lifeline and ACP Providers</i>	Please refer to page 17 of this report.
<i>OIG Recommends Revision of the Commission's ACP Service Transfer Rules</i>	Please refer to page 17 of this report.
<i>OIG's Duplicate BQP Agent Lockout Recommendation</i>	Please refer to page 19 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>Notification Process for Cancelled FCC Form 470</i>	Please refer to page 21 of this report.

*For 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***

Information Technology recommendations are considered sensitive, and contain non-public information identified by FISMA reporting metrics domain<sup>2</sup> only.

<b>Project Code</b>	<b>Project Title</b>	<b>Report Issue Date</b>	<b>Recommendation</b>
22-EVAL-06-01	FY 2022 FISMA Evaluation Report	2/28/2023	1. Identity and Access Management
			2. Risk Management
			3. Configuration Management
			5. Identity and Access Management
			6. Identity and Access Management
			8. Risk Management
			12. Supply Chain Risk Management
			13. Configuration Management
			14. Identity and Access Management
			16. Identity and Access Management
22-AUD-01-01	Fiscal Year 2021 Payment Integrity Information Act of 2019 Performance Audit	6/28/2022	17. Risk Management
			18. Configuration Management
			19. Configuration Management
			20. Identity and Access Management
			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 assist in the identification and management of 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.

<sup>2</sup> 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.

			<p>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.</p> <p>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.</p> <p>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.</p>
21-EVAL-06-01	FY 2021 FISMA Evaluation Report	12/15/2021	5 Identity and Access Management
21-AUD-10-01	FY 2021 FCC Emergency Broadband Benefit Program Performance Audit	6/21/2022	<p>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.</p> <p>2. Using results from the Payment Integrity Program, establish controls to ensure that the self-certifications provided by the Providers are validated by reviewing corroborating documentation that evidences an eligible claim before approving the payments. Examples are household eligibility proof, invoices for recurring service/ connected devices, Provider’s terms and conditions of service to determine there are no contradictions to program rules, and the election notice details or any other documentation that supports the claim for reimbursement.</p>
21-AUD-08-06	FY 2021 DATA Act Audit	11/8/2021	1. Develop and implement FCC’s (Data Quality Plan) 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>2. 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>3. 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 (FABS) 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-EVAL-07-01	FY 2020 FISMA Evaluation Report	12/22/2020	17. Identity and Access Management (This recommendation repeated each year since initially reported.)
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. (This recommendation repeated each year since initially reported.)
19-EVAL-07-01	FY 2019 FISMA Evaluation Report	1/8/2020	4. Identity and Access Management (This recommendation repeated each year since initially reported.)



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). (This recommendation was repeated in FY21.)
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. (This recommendation repeated each year since initially reported.)
18-EVAL-07-01	FY 2018 FISMA Evaluation Report	12/21/2018	3. Configuration Management (This recommendation repeated each year since initially reported.)
			11. Information Security Continuous Monitoring (This recommendation repeated each year since initially reported.)
17-EVAL-07-01	FY 2017 FISMA Evaluation Report	12/21/2017	3. Risk Management (This recommendation repeated each year since initially reported.)
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. (This recommendation was repeated in FY19 and FY21.)
16-EVAL-06-01	FY 2016 FISMA Evaluation Report	12/8/2016	11. Identity and Access Management. (This recommendation repeated each year since initially reported.)



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

<b>Reports Issued in Prior Periods for which a Management Decision is Pending as of September 30, 2022</b>			
<b>Report Number</b>	<b>Project Title (Recommendation No.)</b>	<b>Report Date</b>	<b>Comments</b>
12-AUD-12-20	<a href="#">Audit of the FCC Compliance with OMB Circular No. A-130, Revised</a>  (Rec. No. 4.1)	3/12/2014	Management revised the target date from February 28, 2023 to December 1, 2023. The most recent corrective action plan indicated that progress has been made but management has not demonstrated sufficient progress to implement the one remaining open recommendation. The audit report contains nonpublic information, therefore the report was not posted to the OIG webpage.
13-AUD-12-29	<a href="#">Performance Audit of the Federal Communications Commission Wireline Competition Bureau</a>  (Rec. No. 4.1)	07/31/2015	Management did not meet the target date (September 30, 2022) detailed in the latest corrective action plan and has not made significant progress towards implementing this recommendation. Management informed OIG that it would seek approval from Office of the Chairman (OCH) to close this recommendation without implementation of corrective actions. OIG requested additional justification for closing the recommendation without remediation, including any consideration given to the risks associated with taking this action. No updated CAP or expected response date has been provided at this time.
15-AUD-10-09	<a href="#">Performance Audit of Universal Service Administrative Company National Lifeline Accountability Database</a>  (Rec No. 2.2 and 2.4)	3/26/2018	Two recommendations remain open from this audit report. After receiving several OIG extensions for the target completion dates, FCC management stated that they have made progress and will provide an updated corrective action plan.

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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 compiled with the seven covered Blue Book standards. No recommendations from the EXIM OIG or prior peer reviews remain outstanding.

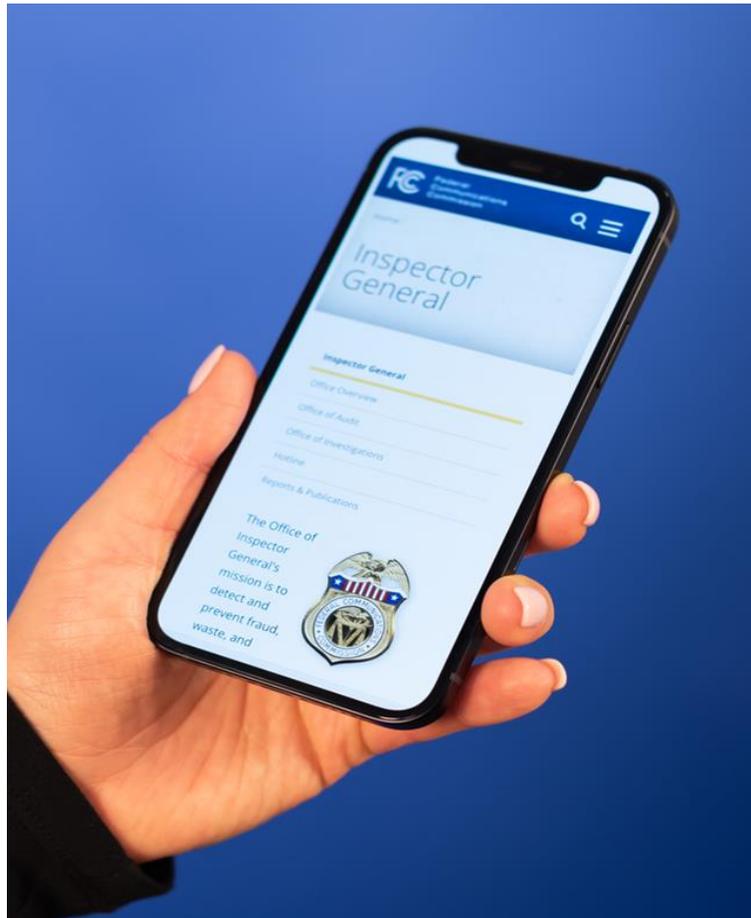
#### *Office of Audit Peer Reviews of Other Office of Inspector General*

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, 2023.

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**Office of Inspector General  
Federal Communications Commission  
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**Report fraud, waste, and abuse.  
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