SEMIANNUAL REPORT

October 1, 2023 – March 31, 2024

FEDERAL COMMUNICATIONS COMMISSION

OFFICE OF INSPECTOR GENERAL

FROM THE INSPECTOR GENERAL

I am pleased to submit this Semiannual Report for the period of October 1, 2023, through March 30, 2024. On March 25, 2024, I was honored to be sworn in as the first Presidentially appointed, Senate-confirmed Inspector General of the Federal Communications Commission. I am grateful to the President for my nomination, to the Senate for its bipartisan support, and to my new colleagues at the FCC OIG and FCC for their warm welcome.

With over 20 years of oversight experience in the Inspector General community, I am fortunate to come to this new role understanding that Offices of Inspector General exist to help our agencies succeed. Our goals are to strengthen federal programs, maximize efficiencies, promote good government, and protect our communities.

I bring with me the core values of independence, transparency, accountability, and inclusion – which together ensure that we conduct objective, fair, and nonpartisan oversight; that we communicate clearly and regularly with our stakeholders; and that we produce timely, high quality, and influential oversight that helps the FCC meet its mission and goals. To be most impactful, we must take a whole of government approach, working with our Congressional stakeholders, the FCC, and the Universal Service Administration Company (USAC), as well as Federal and state oversight partners. These include our colleagues within the IG community, the Department of Justice, the Pandemic Response Accountability Committee, the Government Accountability Office, and the Office of Management and Budget. Together, we must share information widely and appropriately, and use all of the oversight tools and remedies available to help reduce waste and improper payments, and prevent and detect fraud and misconduct.

The American public is relying on us to get this right.

With an oversight portfolio exceeding $40 billion, the role of the FCC OIG is now more important than ever. The influx of federal funding for pandemic relief and infrastructure programs expanded the FCC's responsibility to administer supplemental broadband and telecommunications benefits beyond its Universal Service Fund legacy programs. In addition to promoting strong financial stewardship of these program funds, we are responsible for helping to ensure that program benefits are being delivered to eligible beneficiaries for intended purposes, and protecting the communities across our nation who rely on these programs to support education, work-life, health care, public safety, and national security.

To further these goals, over the past six months, our office has pursued several important oversight projects to help strengthen FCC's programs. For example, both our audit and investigative teams have conducted oversight and made recommendations to strengthen and protect the Affordable Connectivity Program, a $14 billion program funded by the Infrastructure Investment and Jobs Act, which was created to connect eligible low-income households to the internet. In addition, during this semiannual period, we issued the FY 2023 Financial Statements Audit and completed a discretionary audit related to USAC's oversight of the USF Contributions Process.

I recognize and appreciate my dual reporting requirement to the Commission and to Congress. I want to thank our Congressional stakeholders for their support and investment in our oversight, and look forward to enhanced engagement moving forward. To the Chairwoman, Commissioners, and FCC leadership, I look forward to developing and maintaining constructive relationships, keeping the lines of communication open, and identifying key areas where we can align to help the FCC succeed in meeting its core mission.

In conclusion, it is my privilege to lead the dedicated team of oversight professionals at the FCC OIG. Many thanks to Sharon Diskin for serving as Acting Inspector General from January 2023 through March 2024, and to our entire senior leadership team for assisting me in the transition into my new role.

We have an important mission and I'm excited for our journey ahead!

Fara Damelin
Inspector General

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ABBREVIATIONS & ACRONYMS

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

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

INTRODUCTION

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

The Commission is composed of five members who are appointed by the President and subject to confirmation by the Senate. Normally, one Commissioner is appointed or reappointed each year, for a term of five years. One of the members of the Commission is designated by the President to serve as Chair of the Commission. Jessica Rosenworcel currently serves as Chairwoman. Brendan Carr, Geoffrey Starks, Nathan Simington, and Anna Gomez currently serve as Commissioners. The FCC has approximately 1,400 employees, most of whom are located at the FCC's Headquarters at 45 L Street NE, Washington, DC. The FCC has 13 field offices, and three regional offices located in Columbia, MD (Region 1), Atlanta, GA (Region 2), and Los Angeles, CA (Region 3).

The Office of Inspector General (the OIG) is dedicated to ensuring compliance with the requirements of the Inspector General Act of 1978, as amended (IG Act), and to assist the Commission in its continuing efforts to improve operational and program effectiveness and efficiency. On March 25, 2024, Fara Damelin was sworn in as the first Presidentially appointed, Senate-Confirmed Inspector General of the FCC. The principal assistants to the Inspector General are:

> Sharon Diskin, Assistant Inspector General for Investigation
> Sophila Jones, Assistant Inspector General for Audit
> Johnny Drake, Assistant Inspector General for Management
> Eric Phelps, Acting Counsel to the IG

In this Semiannual Report to Congress (SAR), we discuss the OIG's accomplishments and activities from October 1, 2023, through March 31, 2024.

During this period, the 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. We also focused on the subsidy programs established by Congress related to COVID-19 Pandemic relief programs and the Infrastructure Investment and Jobs Act (Infrastructure Act). Because these programs used existing USF program infrastructure, USAC also administers the FCC's COVID-19 Pandemic programs and the Affordable Connectivity Program. The following provides an overview of the USF, the related pandemic and economic relief programs, and other FCC subsidy programs:

The *High-Cost Fund* supports certain qualifying telecommunications carriers serving high-cost (primarily rural) areas. Telecommunications carriers receiving support must offer services to rural area consumers at rates reasonably comparable to the rates for services offered in urban areas. The Connect America Fund (CAF) was designed to transition the program from supporting voice-only telephone service, to supporting multi-purpose networks capable of offering broadband Internet access. Disbursements for the High-Cost Fund, including legacy and CAF support, totaled $4.3 billion in calendar year 2023.

> *The Rural Development Opportunities Fund* (RDOF) is a reverse auction program with a $20.4 billion budget over 10 years (through the USF- High Cost/CAF) to support service providers' buildout of high speed fixed broadband service to rural areas that lack it. RDOF Phase 1 made up to $16 billion in awards available to connect over five million homes and businesses in census blocks that were entirely unserved by voice and broadband of 25 Mbps or greater. To be eligible, providers had to, among other things, commercially offer at least one voice and one broadband service at specified service levels to all locations within the awarded census block within six or eight years.
>
> In December 2020, the Commission announced 180 winning bidders for Phase 1, with $9.2 billion funding set to begin disbursement after the Commission completed review of those bidders' long-form applications. As of March 2024, $6 billion has been obligated to RDOF Phase 1 awardees, of which $1.27 billion was disbursed to the awardees.

The *Schools and Libraries Program,* also known as E-rate, supports 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 2023 (July 1, 2022, to June 30, 2023,) USAC processed over 35,000 applications from schools and libraries seeking over $3 billion in E-rate support to more than132,000 schools and libraries. USAC committed over $2.46 billion to provide E-rate support during this same time frame.

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. For eligible schools and libraries, the ECF Program covers reasonable costs of laptop and tablet computers, Wi-Fi hotspots, modems, routers, and broadband connectivity purchases for off-campus use by students, school staff, and library patrons. Since ECF's June 2021 launch, the Commission has committed nearly $7.09 billion in funding to support approximately 11,500 schools, 1,075 libraries, and 128 consortia, and provided nearly 13 million connected devices and over 8 million broadband

connections. The Commission reports that the funding has supported approximately 18 million students to date.

The *Lifeline Program* provides a discount on qualifying phone and/or broadband service for qualifying low-income consumers to ensure that all Americans have the opportunities and security that phone service brings, including being able to connect to jobs, family, and emergency services. The program supports eligible telecommunications carriers that, in turn, offer discounts on telecommunications services to eligible low-income consumers in every state, territory, commonwealth, and on Tribal lands. In 2023, Lifeline support was approved for disbursement totaling more than $869 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 provided 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. While the numbers fluctuate, the FCC and USAC report that over 22 million out of the approximately 48 million eligible households enrolled in the ACP as of early 2024. Due to the lack of additional funding for the ACP, the FCC announced April 2024 as the last fully funded month for the ACP discount. FCC is retiring   the ACP.

The Rural Health Care (RHC) Program supports eligible rural health care providers who qualify for reduced rates for telecommunications and broadband services. This support subsidizes 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 $468 million. Over 10,900 participating health care providers received commitments in 2023.

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. President Biden signed a resolution terminating the national emergency on April 10, 2023, and thus the emergency period for purposes of the COVID 19 Telehealth Program has also ended. Therefore, the Program may only reimburse eligible

telehealth expenses incurred by healthcare providers from March 13, 2020, through April 10, 2023. These eligible expenses must have been submitted for reimbursement by October 31, 2023.

The Telecommunications Relay Service (TRS) Fund compensates communications service providers for the costs of providing interstate telecommunications services that enable a person with hearing or speech disabilities to communicate with people without hearing or speech disabilities. Video Relay Service (VRS) is a form of TRS that enables people with hearing disabilities who communicate in American Sign Language to communicate with voice telephone users through video equipment and interpreters. VRS providers are compensated from the TRS fund for minutes of service provided, at the rates established by the FCC. Internet Protocol Captioned Telephone Service (IP CTS) is a form of TRS that permits an individual who can speak but who has difficulty hearing over the telephone to use a telephone and an Internet Protocol-enabled device via the internet to simultaneously listen to the other party and read captions. In FY 2023, the TRS fund paid out $1.2 billion to providers. The TRS Fund is administered by Roulka Loube.

The Secure and Trusted Communications Networks Reimbursement Program (SCRP) reimburses providers of advanced communications services for the removal, replacement, and disposal of covered communications equipment and services from their networks including, notably, equipment made by Huawei Technologies Company and ZTE Corporation. Congress appropriated $1.9 billion to fund the SCRP. In 2022, the Commission approved applications from 86 service providers to receive SCRP funds. However, because those providers' cost estimates collectively totaled $4.98 billion (more than twice the appropriated funds), the Commission set a pro-rata factor of 39.5% to be applied to funding allocations. As of December 2023, WCB and OMD had approved $396 million in SCRP reimbursement claims.

The OIG also oversees 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 $8.07 billion in 2023.

In sum, the FCC OIG is responsible for overseeing over $8 billion in annual USF legacy programs administered by USAC, over $24 billion in supplemental programs supported by federal pandemic relief and infrastructure investments, almost $2 billion in the administration of the SCRP, and over $8 billion a year in USF contributions collected.

OFFICE OF MANAGEMENT

Office Staffing, Telework, and Travel

In FY 2024, the FCC OIG was authorized an annual budget of $12.1 million, which supported a staff of 50, to oversee the FCC's operations and its financial assistance portfolio.

Our dedicated and hard-working OIG team is comprised of experienced oversight and administrative professionals who run the daily operations of our office and handle the full range of independent audit, investigative, and legal responsibilities within our portfolio to ensure that we meet our mission. Continuous training and education increases the expertise of staff and satisfies the training requirements mandated by various professional organizations.

Currently, our staff report to work in the office at least two days per pay period, in accordance with OPM guidance. In addition, our investigators engage fully with our law enforcement partners traveling nationally to support investigations, and our audit staff conduct audits, evaluations, and reviews that involve site visits across the country.

Secure Office Space for OIG

In prior semiannual reports, the FCC OIG raised concerns about a lack of secure office space. Recognizing the need for adequate secure space to meet our mission, as well as independent authority over how to use that space, the newly confirmed IG is evaluating the issues previously raised and has begun to work with the FCC management team on addressing related 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.

Suspension and Debarment

In previous SARs, OIG highlighted the importance of the FCC establishing a more robust suspension and debarment program similar to those in most other federal agencies. Currently, suspension and debarment actions at the Commission are extremely limited and only occur when a criminal conviction or civil judgment arises out of activities associated with or related to the USF. This limited criteria hamstrings

efforts to protect the USF and the whole government from individuals and entities who lack present responsibility.

In November 2019. the Commission issued a "Modernizing Suspension and Debarment Rules" Notice, which 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, OIG provided additional information to the Commission after the comment period closed. No final action has yet been taken by the Commission. Government-wide suspension and debarment are critical whole of government administrative remedies that protect government funds from fraud, waste, abuse, and mismanagement.

We renew our request that the Commission institute a new suspension and debarment program at the FCC. We look forward to engaging with the Commission to support a robust administrative suspension and debarment program.

OIG's Role in Fraud Prevention and Helping to Protect and Strengthen FCC Programs

By law, the FCC is responsible for supporting efforts to prevent and detect fraud, waste, abuse, and mismanagement and to mitigate major risks that cut across program and agency boundaries. We are committed to promoting transparency and conducting vigorous oversight of the Universal Service Fund programs and other subsidy programs. Towards these goals, during the reporting period, we continued to share updated recommendations to prevent and detect fraud, waste, and abuse with Commission and USAC staff.

OFFICE OF INVESTIGATION

The work of the Office of Investigation (OI) touches 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. In addition to investigations regarding Commission programs, the OI investigates allegations of improper employee and contractor activity implicating federal statutes or regulations establishing standards of conduct and procedure.

We handle multiagency 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.

We are not able to report on pending investigations unless case activities have been made public. We post press releases in real time on our external website and oversight.gov.

While we have made recent additions to our staff, OI has an ever-increasing volume of work and limited resources. Thus, matters with 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 resources.

Statutory Law Enforcement Authority

In prior semiannual reports, the FCC OIG raised significant and longstanding concerns about challenges we face in hiring federal criminal law enforcement officers. Inspectors General have the full independent authority to hire any and all positions that are needed to fully perform the functions of an OIG.

The newly confirmed IG is engaged in strategic planning, which includes analyzing the law enforcement needs of the office. This process includes identifying training, technology, and resources that would be required to support law enforcement officers.

Activity During This Period

Cases pending as of September 30, 2023………………………......55
New Cases…….………………………………………….....……….……..4
Cases Closed….………………………..…....……..……………….5
Cases pending as of March 31, 2024…......................................54

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

Proactive Work Related to Lifeline, Emergency Broadband Benefit Program and Affordable Connectivity Program

Recommendations Regarding ACP Enrollment Verification

On January 8, 2024, OI presented evidence to the Commission that two ACP providers with approved alternative verification processes (AVPs) enrolled affluent households into the ACP and sought government reimbursement for providing discounted broadband service to those households.

In response, we made several recommendations to the agency. The OI urged the FCC to complete the actions it first announced in its May 17, 2023 letters, including confirming the eligibility of the AVP-qualified ACP consumers through the National Verifier. That process is now under way. Moreover, OI recommended the agency use the evidence and information shared by OI to inform future discussions with executive branch and congressional stakeholders regarding the prevention of waste, fraud, and abuse.

Recommendations to Strengthen the National Verifier's Manual Review Process

On October 4, 2023, the OI issued a set of detailed recommendations to the Commission on ways to strengthen and improve the administration of the National Verifier's manual review process (manual review). Administered by USAC, the National Verifier is a centralized application system used to determine whether consumers are eligible for Lifeline and ACP support. Lifeline and ACP applicants must submit documentation for manual review if the National Verifier's database connections are unable to confirm their eligibility or identity. USAC contracts with a Business Process Outsourcing vendor (BPO vendor) to manually review information and documents submitted by applicants. USAC supervises and conducts quality assurance of the manual review.

OIG identified concerns about the effectiveness of the process after investigating a USAC referral regarding suspicious documents detected during the manual review. To determine the effectiveness of the process, the OI reviewed a larger, targeted sample of ACP applications previously approved by the manual review process and determined that many applications in the sample contained fabricated documents that were not detected by the BPO vendor.

Our findings prompted further review and evaluation of the manual review process. OI reviewed documents, analyzed data, and conducted interviews of USAC staff responsible for BPO manual review oversight. We also requested a demonstration of the Service Now (SNOW) platform used by the BPO reviewers. Our review concluded that USAC had become aware of the issue and was implementing improvements to the BPO manual review process.

In accordance with our ongoing mandate to prevent, detect, and combat fraud, waste, and abuse in the Commission's programs, we made five recommendations to USAC and the Commission to strengthen program integrity and enhance process effectiveness, with which the FCC concurred.

1) Close a Consumer Application Once a Fabricated or Fraudulent Proof is Confirmed

Prior to OI's review, USAC permitted an applicant to amend its ACP or Lifeline application even after it determined the application contained a fabricated document.

OI recommended USAC immediately close the application and provide notice to the applicant that the application is rejected once fabricated information is identified. OI explained closing the application would remove an immediate threat to program integrity by an applicant or enrollment representative who has demonstrated an intent to defraud the program rather than giving the bad actor another opportunity to perpetrate program fraud by keeping the application open.

WCB reported USAC implemented this recommendation and is working to redevelop the process to notify the applicant when the application is closed due to false documentation.

2) Utilize Optical Character Recognition Software to Identify Other Examples of Fraudulent Documents

Prior to OI's review, USAC was already considering the use of optical character recognition (OCR) technology[2] in the BPO manual review to assist with USAC's existing fraud detection efforts.

OI recommended that USAC adopt OCR technology for that purpose and additionally recommended USAC use OCR technology to make consumer application materials text-searchable. Incorporating the use of OCR technology to supplement human reviewers would bridge the gaps created by and mitigate the risks of relying solely on human reviewers to detect fabricated documents.

WCB reported USAC recognized the program benefit of this tool and was committed to implementing OCR to further improve its detection of fabricated documents. USAC has engaged multiple vendors to discuss how OCR can best be integrated into USAC's system architecture and application workflow.

3) Keep Records of Eligibility or Identity Proofs Relied Upon for Application Approval
Prior to OI's review, USAC reviewers did not record which documents reviewers relied upon to approve an application that required manual review. Many applications contain numerous, different supporting source records and many applicants had to upload additional documents to cure application deficiencies.

OI expressed concern that USAC's failure to maintain complete records weakened program integrity. OI recommended USAC reviewers record the specific eligibility or identity proof relied on for each application approval.

WCB reported USAC was modifying the manual review to require the first-level reviewer to record which eligibility or identity proof was used for the approval decision.

4) Develop a Procedure for Exporting Applications and Supporting Documents

Prior to OI's review, USAC's subscriber application deliverable to OI consisted of multiple, separate files tied together loosely using file names associated with the Application ID. This practice created a significant obstacle to OI investigations.

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[2] Optical Character Recognition (OCR) converts scanned words to editable, accessible text. https://www.fcc.gov/plug-information. The basic process of OCR also involves examining the text of a document and translating the characters into code that can be used for machine-readable text and data processing.

WCB reported USAC will develop and implement a new procedure pursuant to OIG's minimum requirements

5) Hire an Expert to Evaluate and Make Recommendations on Potential Improvements to the BPO Manual Review

OI's limited review of the manual review process identified several vulnerabilities and weaknesses, including significant reviewer error rates; insufficient safeguards against fraud; failure to leverage technology to improve review efficiency and effectiveness; and inadequate recordkeeping.

OI recommended that the Commission hire an outside entity to audit and evaluate the BPO manual review to pinpoint other vulnerable elements of the BPO review process and ensure USAC is using the most current best practices and technology.

WCB reported the Commission identified and began exploring a candidate expert to complete this work.

We look forward to working with the FCC on resolving these recommendations and will update progress in upcoming SARs.

Proactive Work Related to E-Rate and Emergency Connectivity Programs

Creation of an Online Competitive Bid Repository within EPC

The Commission released a Notice of Proposed Rulemaking on December 16, 2021, seeking comments on establishing the competitive bid repository OIG initially suggested to the FCC in January 2017. OI has been continually monitoring the filings in this proceeding, which were generally against the proposed bid repository. OI has learned the Commission is still reviewing recommendations related to the competitive bidding portal. Also, on October 27, 2023, OI learned USAC was given approval to start IT-related work for USAC's competitive bid reviews that may be relevant for this recommendation.

Recommendation to Develop a Notification Process for Cancelled FCC Forms 470

In 2019, OI became aware that USAC did not employ a mechanism to notify service providers when an applicant seeks to or has cancelled its FCC Form 470. At the time, USAC's system only had two options for indicating the status of a FCC Form 470 – "Certified" and "Incomplete."

Limited options created confusion and challenges for applicants. For example, in some instances a delay in the commitment of E-rate Program funds led applicants to file for

the same services in successive years, collecting bids from service providers for each application, and ultimately not needing both sets of duplicative funding requests. This scenario caused excess work and uncertainty for bidders and led to service providers questioning the fairness of the competitive bidding process.

We are pleased to report that on October 20, 2023, in response to our recommendation, USAC modified its E-rate Portal to permit applicants to cancel their FCC Form 470s. OIG believes that this technical change will reduce work and uncertainty for bidders and provided additional certainty about the fairness of the competitive bidding process.

Proactive Investigations Pertaining to the Emergency Connectivity Fund

During this reporting period, OI continued collecting documentation from selected schools participating in the ECF, as well as conducting site visits to various participating schools to verify equipment, interview school and library staff, and understand how the program is operating. This work has revealed potential weaknesses with ECF rule compliance.

OIG has made 20 formal referrals to the WCB, USAC, and EB to assess whether ECF participants violated ECF rules and regulations sufficient to warrant recovery of funds or follow-up pertaining to several issues, including:

1. Lack of use of ECF-funded devices, Wi-Fi hotspots and services
2. Lack of remote use of ECF-funded devices, Wi-Fi hotspots and services
3. Failure to properly assess unmet needs
4. Failure to maintain required documentation, including asset and service inventories of ECF-funded devices, wi-fi hotspots, and services
5. Purchase of excess equipment
6. Overbilling and/or excess profits collected by ECF service providers
7. Failure to respond to OIG requests for documentation
8. Falsification of information on funding application requests and invoices

These administrative referrals involve over $1.3 million of ECF funds that could potentially be recovered by the FCC.

In response, USAC has instituted special compliance reviews of referred ECF participants, and is in the process of evaluating the referrals.

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. At the start of this year, the team added a full-time data manager to improve the quality and functionality of OI's data architecture as well as facilitate and improve backend data-related communications with external organizations.

During this reporting period, OI's data analysts continued our proactive review of ACP and E-rate data to identify potentially fraudulent conduct for further investigation. The data team also supported multiple ongoing criminal investigations and has undertaken efforts to expand analysis of additional FCC programs.

CIGIE Acknowledges FCC OIG Investigators

In November 2024, CIGIE awarded a Special Act Award for Excellence to an OIG Computer Forensic Investigator and the Deputy AIGI in recognition of their outstanding performance in the conduct of an investigation on behalf of the CIGIE Integrity Committee.

Office of Inspector General Hotline

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

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

1. Open an OIG investigation or audit.

2. Refer the matter to an FCC Bureau or Office for appropriate review and action.

3. Refer the allegation to another federal agency. For example, complaints about fraudulent sweepstakes are referred to the Federal Trade Commission (FTC).

Consumers who have general questions, consumer complaints, or issues not related to fraud, waste, and abuse, should contact the FCC's Consumer & Governmental Affairs Bureau (CGB) at www.fcc.gov/cgb, or contact the FCC's Consumer Center by calling 1-888-CALL-FCC (1-888-225-5322) voice or 1-888-TELL-FCC (1-888-835-5322).

CGB develops and implements the Commission's consumer policies, including disability access. The FCC Consumer Center processes public inquiries, informal complaints, and questions regarding cable, radio, satellite, telephone, television, and wireless services. The goal of this process is to foster a mutually satisfactory resolution of the complaint between the service provider and its customer.

During the current reporting period, the OIG received:

1. 16,731 Hotline contacts. Of these, one was referred to OIG for possible case opening.
2. 200 were referred to FCC Consumer Center or other FCC Bureaus.
3. 272 were referred to other agencies.

OFFICE OF AUDIT

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

OA's mission is to assess the integrity, efficiency and effectiveness of the programs administered by the FCC and its components. The work we perform provides reasonable assurance to the Commission of the integrity of the activities under review and promotes accountability and transparency for the agency's operations and programs. OA monitors efforts and activities undertaken to meet the agency's goals and mission and assesses how the Commission's rules and regulations are being implemented by beneficiaries and other program participants.

OA projects are conducted in accordance with relevant professional standards, including *Generally Accepted Government Auditing Standards* (GAGAS) (also known as [Government Auditing Standards](#) (GAS) or the Yellow Book) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) [Quality Standards for Inspection and Evaluation](#) (the Blue Book).

OA also provides assistance to Office of Investigation (OI) on accounting and audit matters and responding to Congressional inquiries. Due to our limited resources, we staff our projects using a combination of OA staff and contracted auditors. OA contracts with Independent Public Accountant (IPA) firms for many mandatory projects and some discretionary projects. All contracted OA projects are closely monitored by OA staff 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 contracted auditors.

OA is organized into three divisions:

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

QPAD develops OA policies and procedures, performs internal quality assurance reviews to ensure OA compliance with applicable professional standards, coordinates external peer reviews of the FCC OIG by other OIGs, and leads external peer reviews of other OIGs in accordance with CIGIE. Also, QPAD is responsible for tracking and reporting the status of open and closed recommendations.

FPAD and IPAD perform audits, evaluations, inspections, and other projects. In addition, the staff are responsible for assessing the Commission's progress towards addressing unimplemented audit recommendations and providing OIG concurrence or non-concurrence on management's recommendation closure requests.

Currently, OA conducts biennial audit planning activities where FPAD and IPAD identify future projects using a risk-based approach. For Fiscal Years 24 and 25, OA determined that the following areas met our risk-based criteria for performing high priority oversight:

- the High-Cost Universal Broadband (HUBB) Portal
- the Secure and Trusted Network/Supply Chain Reimbursement Program (SCRP)
- Lifeline
- Emergency Connectivity Fund (ECF)
- Information Technology and Operational Technology asset management
- Personal identifiable verification (PIV) card implementation activities

The two divisions plan to conduct audit, inspection or evaluation projects covering these areas as resources become available. Information regarding completed, ongoing, and planned projects are included in the division sections below. Additionally, published reports are posted to the FCC OIG's webpage and recently, have also been posted on www.oversight.gov.

Financial and Program Audit Division

FPAD conducts mandatory and discretionary audits, inspections, evaluations, and surveys of FCC programs and operations. FPAD's annual mandatory projects include the annual Financial Statements audit and the Payment Integrity Information Act (PIIA) audit. FPAD is responsible for performing other periodic mandated projects such as the Affordable Connectivity Program (ACP) implementation audit and the government charge card program projects. FPAD's discretionary projects cover multiple areas of FCC operations, the Universal Service Fund (USF) Lifeline program, and USF Contributions.

As set forth below, FPAD completed three projects during this semiannual reporting period: two FPAD projects are in process and FPAD plans to initiate one additional project. Each project is summarized below. The results of the in-process projects will be summarized in a future semiannual report.

Completed FPAD Projects

Audit of the FCC's Compliance with the Affordable Connectivity Program (Project No. 23-AUD-01-04)

As required by the Infrastructure Investment and Jobs Act (Infrastructure Act) dated November 15, 2021, Public Law 117–58, we engaged a contractor to audit FCC's implementation of ACP for calendar year 2022 and issued the report on January 22, 2024.

The contract audit firm found that the FCC made significant progress during the period covered by the audit, but improvements in certain key areas were needed to strengthen the program. The report noted five findings and 12 recommendations. The five findings include issues related to:

- insufficient information on ACP performance measures and goals (Finding 1)
- improvements needed in USAC' internal controls over manual eligibility reviews (Finding 2)
- the FCC's failure to publish a report about complaints concerning participating providers compliance with ACP rules or developing policies and procedures to be used for identifying or reporting ACP complaints (Finding 3)
- weaknesses in the FCC's and USAC's processes for assessing support for reimbursement claims (Finding 4)
- the FCC's delays in launching the ACP grant outreach program (Finding 5)

The FCC concurred with Findings 1, 2, 3, and 5, but disagreed with Finding 4.

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

The Accountability of Tax Dollars Act of 2002 (Pub. L. 107-289) requires that the FCC prepare annual consolidated financial statements and for the OIG to audit those statements. We engaged a contractor to perform the audits of the FCC's Fiscal Year 2023 consolidated financial statements, who issued three related reports on November 15, 2023.

In the Independent Auditor's Report on the Financial Statements, the contractor expressed an unmodified opinion. Our contractor concluded that the FCC's FY 2023 financial statements were fairly presented in accordance with generally accepted accounting principles. The Report on Internal Controls over Financial Reporting included two significant deficiencies.

The first significant deficiency relates to the aggregate of the IT control deficiencies for FCC and USF, which was reported in the fiscal year 2023 Federal Information Security Management Act (FISMA) evaluation (report no. 22-EVAL-05-01, dated January 25,

2024). The FISMA evaluation includes testing of IT controls for the FCC's financial systems. The second significant deficiency pertains to accounting errors made for certain non-recurring transactions for the FCC's Affordable Connectivity and USF High-Cost programs.

The report includes 25 recommendations to improve the effectiveness of IT controls over the FCC's and USAC's systems. Twenty of the 25 IT recommendations resulted from IT control testing performed in support of the financial statement audit. In addition, the report includes five recommendations to remediate issues related to improper accounting for non-recurring transactions. In its response to the audit reports, the FCC agreed to implement actions to address each finding, and we look forward to working with the FCC to address these recommendations.

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

OA engaged a contractor to perform an audit of USAC's oversight of the USF Contributions process, to determine whether internal controls over the USF contributions process via the E-file system were effective, timely, and included all eligible service providers.

The audit report, issued on January 31, 2024, concluded that while USAC had effective internal controls for ensuring that USF contributions are accurate, timely, and include all eligible service providers, improvements are needed in USAC's process for referring service providers to the FCC Enforcement Bureau (EB) for potential enforcement action.

During calendar year 2022, USAC did not refer any eligible service providers to the FCC EB, despite instances where eligible service providers failed to make their universal service contributions obligation required by the Telecommunications Act of 1996. The report contained three recommendations to strengthen the internal controls over USF contributions. The FCC and USAC concurred with the finding and recommendations included in the report.

The audit report identified $28,632,140 of funds to be put to better use, representing the total amount of uncollected contribution obligations owed to the USF.

Pending FPAD Projects

FY 2023 Audit of the Federal Communication Commission's Compliance with the Payment Integrity Information Act of 2019 (Project No. 24-AUD-01-01)

As required by the Payment Integrity Information Act of 2019 (PIIA) (Public Law 116-117), we engaged a contractor to perform the audit of the FCC's compliance with the PIIA requirements for FY 2023. The overall objective of the audit is to determine

whether the FCC is in compliance with the statutory requirements for payment integrity reporting for FY 2023. The final PIIA report will be issued by May 29, 2024.
Fiscal Year 2024 FCC Financial Statements Audit (Project No. 24-AUD-06-01)

We engaged a contractor to audit the FY 2024 consolidated financial statements of the FCC. The audit is comprised of the consolidated balance sheets, statements of net cost, statement of changes in net position, statement of custodial activity as well as the combined statements of budgetary resources (hereinafter referred to as the financial statements) and the related notes to the financial statements. The audit objective is to opine on whether the FCC's financial statements follow U.S. Generally Accepted Accounting Principles and present fairly the financial position of the agency. The audit will also review internal controls over financial reporting, and agency compliance with financial related laws and regulations. The final audit report will be issued by November 15, 2024.

Upcoming FPAD Projects

Audit of the FCC's Supply Chain Reimbursement Program (24-AUD-06-02)

In addition to the completed and ongoing projects listed above, FPAD plans to audit the SCRP established by the Secure and Trusted Communications Networks Act of 2019. The SCRP program was created at the direction of Congress to reimburse providers of advanced communications services for the reasonable expenses incurred in the removal, replacement, and disposal of covered equipment and services for the purpose of protecting the security and integrity of communications.

Information Technology and Program Audit Division

The IT and Program Audit Division (IPAD) conducts mandatory and discretionary audits, inspections, evaluations, and surveys of FCC programs and operations. IPAD's mandatory project includes an annual Federal Information Security Modernization Act of 2014 (FISMA) evaluation and a periodic review of FCC's Privacy and Data Protection (P&DP) program. Discretionary projects include reviews of USF programs, such as the High-Cost Program (also known as the Connect America Fund (CAF)), RHC, and E-rate programs, as well as FCC IT activities.

As summarized below, IPAD completed four projects during this reporting period: one project is in process and IPAD plans to initiate two additional projects.

Completed IPAD Projects

[FY 2023 Federal Information Security Modernization Act Evaluation (FISMA) (Project No. 23-EVAL-05-01)](#)

As required by law,[3] we engaged a contractor to perform the FY 2023 FISMA evaluation and based on the results, we submitted the completed *FY 2023 DHS IG FISMA Metrics* questionnaire for government-wide reporting to Congress on July 31, 2023. OIG issued the non-public version of the FY 2023 FISMA Evaluation Report and published the public report on January 5, 2024.

The evaluation report includes seven findings and offers 25 recommendations to improve the effectiveness of the FCC's information security program controls. Five of the nine domains that we evaluated warrant additional management attention to address identified deficiencies (i.e., Risk Management, Supply Chain Risk Management, Configuration Management, Identity and Access Management, and Information Security Continuous Monitoring). Six of the seven findings were repeated or updated findings from the FY 2022 and prior FISMA evaluations. The FCC and USAC concurred with the findings and recommendations in the FY 2023 FISMA Evaluation Report.

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

Title 42 U.S.C. § 2000ee-2 Privacy and Data Protection Policies and Procedures requires the OIG of each agency to periodically review the privacy and data protection procedures governing the agency's collection, use, sharing, disclosure, transfer, storage, and security of information in an identifiable form relating to the agency employees and the public. We performed an inspection of the FCC's Privacy and Data Protection Program for FY 2021, to determine whether the FCC implemented effective privacy and data protection policies and procedures in accordance with federal laws, regulations, and policies. We focused specifically on the FCC's implementation of the nine requirements identified in 42 U.S.C. § 2000ee-2.

We issued the final inspection report on March 29, 2024. The OIG concluded that the FCC has effectively implemented five of the nine privacy requirements in Title 42 U.S.C. § 2000ee-2. Four of the nine requirements had not been effectively implemented for the period covered by our review. The report includes four findings and offers seven recommendations intended to improve the Commission's privacy and data protection policies and procedures related to the FCC's:

- use of automated technologies

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[3] Federal Information Security Modernization Act of 2014 (FISMA) requires agency IGs to conduct or contract for an independent evaluation of the agency's program to provide information security for the information and information systems supporting the operations and assets of the agency annually.

- use of technologies for continuous auditing of privacy and data protection
- privacy impact assessment process of proposed rules
- annual updates to privacy policies and directives

The FCC concurred with our findings and recommendations.

[Performance Audit of the Universal Service Fund, Rural Healthcare, Telecommunications Program at New River Valley Community Services for FY 2019 and FY 2020 (Report No. 23-AUD-02-01)](#)

We assessed compliance with eligibility of site and entity requirements, competitive bidding requirements, eligibility of service and equipment, rate calculations, requests for funding, and invoicing. This assessment was done to determine compliance with Title 47 Code of Federal Regulations §54.601- §54.607 and §54.619-§54.633 for funding years 2019 and 2020, FCC rules and orders for rural healthcare providers. OIG issued the report on February 28, 2024, finding that New River Valley Community Services complied with the RHC Program rules.

[Performance Audit of the Universal Service Fund, Rural Healthcare, Telecommunications Program at Mount Rogers Community Services for FY 2019 and FY 2020 (Report No. 23-AUD-02-02)](#)

We assessed compliance with eligibility of site and entity requirements, competitive bidding requirements, eligibility of service and equipment, rate calculations, requests for funding, and invoicing. This assessment was done to determine compliance with Title 47 Code of Federal Regulations §54.601- §54.607 and §54.619-§54.633 for funding years 2019 and 2020, FCC rules and orders for rural healthcare providers. OIG issued the report on February 28, 2024, finding that Mount Rogers Community Services complied with the RHC Program rules.

Pending IPAD Projects

FY 2024 FISMA Evaluation

OIG engaged a contractor to perform the annual FISMA evaluation of the FCC's information security program.

The objectives of the FISMA evaluation are to:

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

- Prepare the FCC OIG's response to the Department of Homeland Security's (DHS) FY 2023-2024 Inspector General (IG) FISMA Reporting Metrics Questionnaire
- Follow up on findings and recommendations reported in previous FISMA evaluations

Upcoming IPAD Projects

In addition to the completed and ongoing projects above, IPAD will be initiating the following two projects.

Audit of the High-Cost Universal Broadband Portal Data (Project No. 24-AUD-04-02)
This audit will determine whether data submitted to the Portal for broadband deployment obligations is in accordance with FCC rules. Specifically, the audit will:

- Determine whether USAC's verification reviews of telecommunication carriers participating in Connect America Fund (CAF) programs with defined broadband deployment obligations are in compliance with Title 47 of the Code of Federal Regulations, § 54.302-320 and relevant FCC public notices and orders.
- Determine whether USAC's performance measures testing, conducted to ensure telecommunication carriers meet speed and latency requirements, is adequately supported by the FCC's Performance Measures Testing Framework, in compliance with relevant FCC orders.

Information Technology and Operational Technology Asset Management Evaluation (24-EVAL-07-02)

OMB M-24-04 requires agencies to have a clear understanding of the devices connected within their information systems to gauge cybersecurity risk to their mission and operations. The review of the IT and OT Asset Management Evaluation is to determine if the FCC's processes and internal controls for managing hardware and software are effective. The evaluation will assess asset management processes and controls for IT assets such as servers, workstations, routers, switches, firewalls, intrusion detection systems and mobile devices and OT assets, such as programmable systems and other devices, connected to the FCC network at various locations.

REPORTING REQUIREMENTS

The below questions were updated in accordance with OIG's 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 Investigation."

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.

There were no significant investigations closed during this reporting period.

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 FPAD and IPAD Completed Projects listed within the "Office of Audit" section.

The audit of USAC's Oversight USF Contributions Process completed in January 2024 identified $28,632,140 of funds to be put to better use.

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

 See Appendix B: Reports Issued in Prior Periods for which a Management Decision is Pending as of March 31, 2024.

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) See Appendix C: Office of Audit Peer Review Results, for further details.

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

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

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

The FCC OIG assessed the extent to which Pension Benefit Guaranty Corporation (PBGC) complied with the CIGIE Quality Standards for Inspection and Evaluation during the reporting period. The External Inspection and Evaluation Peer Review Report was issued on March 28, 2024. The FCC OIG determined that PBGC's policies and procedures generally were consistent with the 2020 Blue Book standards addressed in the external peer review. No findings or recommendations were made.

The FCC OIG conducted a peer review of the National Archives and Records Administration (NARA) OIG's audit operations during a previous reporting period. The peer review report was issued on March 16, 2023, and NARA OIG received a "Pass" rating.

See Appendix C: Office of Audit Peer Reviews of Other Office of Inspector General.

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
(D) the total number of indictments and criminal information during the reporting period that resulted from any prior referral to prosecuting authorities

> *(A) Three investigative reports were issued during this reporting period.*
> *(B) In this reporting period, seven referrals were made to the Department of Justice for criminal prosecution, including four companies and three individuals.*
> *(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 Investigation issues "investigative reports" to either (1) close an investigation or (2) refer a matter for administrative action or for pursuit of civil or criminal fraud. An "investigative report" refers to any document, including but not limited to a Report of Investigation, sufficient to close a case in OI's Case Management System. We do not close a matter until it is finally resolved, that is until (a) action is taken by the Commission in an administrative referral, or until the civil or criminal referral is declined or resolved by the court or (b) it is determined that no further action is merited.

13. A report on each investigation conducted by the Office where allegations of misconduct were substantiated involving a senior Government employee or senior official (as defined by the Office) if the establishment does not have senior Government employees or senior official, which shall include—
(A) the name of the senior Government employee, if already made public by the Office
(B) a detailed description of—
        (i) the facts and circumstances of the investigation
        (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
(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.

As set forth on pages 10 and 12, the newly confirmed IG is reviewing and analyzing independence challenges identified in previous semiannual reports.

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

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

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

APPENDIX A1

OI Unimplemented Recommendations

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

OI Advisory Regarding ACP Provider Noncompliance with Program Usage & De-Enrollment Rules	Please refer to page 15 of the previous FCC OIG Semiannual Report.
OI Recommendation Regarding ACP Enrollment Verification	Please refer to page 13 of this report.
OI Recommendations to Strengthen the National Verifier's Manual Review Process	Please refer to pages 13-16 of this report.
Creation of an Online Competitive Bid Repository within EPC	Please refer to page 16 of this report.
Suspension and Debarment Recommendation	Please refer to pages 10-11 of this report.

APPENDIX A2

OA Unimplemented Recommendations

As of this semi-annual reporting period, OIG OA has 61 open and unimplemented recommendations from our audits, inspections and evaluations. Information Technology recommendations are considered sensitive and contain non-public information. Therefore, they are presented by FISMA reporting metrics domain[4] only in the below OA table of unimplemented recommendations.

Project Code	Project Title	Report Issue Date	Recommendations
23-AUD-06-01	FY 2023 FCC Financial Statements Audit	11/15/2023	1. Ensure accounting policies and procedures adequately address recording of all withheld payment transactions in accordance with accounting standards.
			2. Ensure journal vouchers are adequately reviewed to catch erroneous entries before transactions are approved and recorded.
			3. Strengthen OMD's role in monitoring controls over withheld payments by ensuring the Chief Financial Officer (CFO), or designee, reviews the list of withheld payments and obtains periodic status updates on those withheld payments.
			4. Ensure directives are reviewed and updated, in accordance with directive policies and procedures.
			5. Develop and implement policies and procedures to strengthen coordination of the follow-up activities among the relevant offices at the FCC and its reporting components to ensure withheld payments are accounted for correctly.

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[4] 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.

23-AUD-05-01	Final Report on Audit of USAC's Oversight of the USF Contributions Process	1/31/2024	1. Take action, as deemed appropriate, against the 243 service providers identified in the condition and effect sections to recover the $28,632,140 contributions owed to the USF.
			2. Collaborate with the FCC EB to prioritize the development, documentation, and implementation of a process for referring service providers to the FCC EB. Examples of decisions to be considered when developing the process should include but are not limited to: a. Defining criteria that, when met by a service provider, results in referral to the FCC EB. b. Determining the timing of the referrals to reduce the likelihood of the one-year statute of limitations preventing enforcement action by the FCC EB.
			3. Develop and implement a process to ensure the responsibilities of an employee separating from USAC are transitioned to another team member before the employee leaves USAC.
23-AUD-01-04	Final Report on the Audit of the Federal Communications Commission Affordable Connectivity Program	1/22/2024	1. Formally document and implement objective, measurable, and quantifiable goals for the ACP program within the APP for the FCC, as promulgated by 31 U.S.C. 1115 (b).
			2. As promulgated by 31 U.S.C. 1116 (c), evaluate the ACP program by comparing actual performance results against performance goals from program implementation through September 30, 2023, and include the results of the evaluation and additional updates in the FY 2023 Agency Performance Report.
			4. Develop and implement periodic BPO review agent training to ensure BPO review agents are knowledgeable regarding the eligibility documents required for each eligibility determination type and how to apply program rules to eligibility determinations.
			5. Update USAC's policies and procedures to ensure back-up of information moved during future system migrations is generated and retained until the information has been validated and confirmed to have migrated correctly.
			6. Update USAC's policies and procedures to ensure that for future system migrations testing is performed to validate that all records have been transferred to the new system. The policy and procedure documents should also outline processes for USAC to retain testing logs and results of testing.

			7. Make ACP consumer-complaint reporting a priority by developing and implementing written policies and procedures for identifying, aggregating, and reporting consumer complaints' information on participating provider compliance with the ACP program, including the frequency of publishing these reports publicly.
			8. Compile the consumer complaint reports required by 47 U.S.C. § 1752 (b) (9) (D) and publish a report that is accessible to the public going forward.
			9. Determine the reasons the participating providers did not respond, select a sample of reimbursements from non-responsive participating providers, and perform testing procedures to ensure the participating providers cited on this report are in compliance with all requirements of the ACP program.
			10. Provide findings noted in this report to the responsive participating providers and request that the participating providers take action to address the finding. Actions may include directing the participating provider to draft a corrective action that details how the provider will remediate the finding.
			11. Assess whether enforcement, fine, or forfeiture actions are warranted on participating providers involved in the issues cited on this audit report.
			12. Using information from the United States Census Bureau, FCC conducted surveys, or other reliable sources, the FCC should continue to develop and implement a plan to identify targeted population in its outreach efforts to increase enrollment for unserved or underserved high poverty areas and for areas where broadband usage is not widespread.
23-EVAL-05-01	Final Report on the Federal Communications Commission's Fiscal Year 2023 Federal Information Security Management Act Evaluation	1/5/2024	2. Risk Management
			3. Risk Management
			6. Supply Chain Risk Management
			17. Identity and Access Management
			18. Identity and Access Management
			20. Access Controls
			21. Access Controls
			22. Access Controls
			23. Access Controls
			24. Configuration Management
			25. Configuration Management
23-AUD-01-03	Final Report on the Performance Audit of Fiscal Year 2022	5/24/2023	1. Correct the 2019 IP estimate amount reported in PY in the current year reporting by reporting the full estimated amount of $30 million as an overpayment.

	Compliance with Payment Integrity Information Act of 2019 for the Federal Communications Commission		2. If a settlement is reached by issuing a Forfeiture Order or Consent Decree, then report the amount recovered from the provider as an overpayment recaptured outside payment recapture audits.
22-EVAL-06-01	FY 2022 FISMA Evaluation Report	2/28/2023	1. Risk Management
			2. Risk Management
			5. Supply Chain Risk Management
			6. Supply Chain Risk Management
			8. Configuration Management
			12. Identity Access Management
			13. Identity Access Management
			14. Identity and Access Management
			17. Configuration Management
			18. Configuration Management
22-AUD-01-01	Fiscal Year 2021 Payment Integrity Information Act of 2019 Performance Audit	6/28/2022	14. Continue to enhance USAC's applicant outreach program to educate applicants on the schools and libraries (S&L) program rules, especially rules relating to the competitive bidding processes.
			15. Enhance the use of automation tools in E-rate Productivity Center (EPC) to check invoices for common errors and invoices that are flagged as high risk of non-compliance with program invoicing requirements.
21-EVAL-06-01	FY 2021 FISMA Evaluation Report	12/15/2021	11. Identity and Access Management
21-AUD-10-01	FY 2021 FCC Emergency Broadband Benefit Program Performance Audit	6/21/2022	1. Increase the scrutiny of the manual verification process, including implementing a multilevel review process that includes reviews of the supporting documentation in comparison to the application.
21-AUD-08-06	FY 2021 DATA Act Audit	11/8/2021	5.Develop and implement oversight policies and procedures to ensure component entities report financial assistance awards timely.
			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.
			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.
20-AUD-01-01	FY 2019 Improper Payments Elimination and Recovery Improvement Act (IPERIA) Compliance Audit	6/15/2020	12. FCC Management develop policies and procedures that (a) acknowledge the interdependent relationships between FCC, the TRS Fund Administrator, and TRS providers; (b) address the responsibilities of each party to manage risks of IPs; and (c) describe methodologies used to obtain assurance that each party manages its risks of IPs appropriately and as intended.
19-EVAL-07-01	FY 2019 FISMA Evaluation Report	1/8/2020	4. Identity and Access Management
19-AUD-08-05	FY 2019 DATA Act Audit	11/8/2019	2. Continue to coordinate with the TRS Fund administrator to develop a DATA Act project plan. The TRS Fund project plan should include an expected timeline and steps to implement necessary changes to systems and business processes to capture, link, reconcile, and report on award-level financial and spending information. The TRS Fund Administrator, in coordination with the FCC, should develop and execute a project plan that conforms with Steps 1 through 8 of the DATA Act Implementation Playbook (Version 2.0).
19-AUD-02-01	FY 2018 Improper Payments Elimination and Recovery Improvement Act (IPERIA) Compliance Audit	6/3/2019	4. Modify the Payment Quality Assurance (PQA) assessment procedures to target USF- High Cost (HC) program rules and significant risks of improper payments.
18-EVAL-07-01	FY 2018 FISMA Evaluation Report	12/21/2018	7. Configuration Management
		12/21/2018	15. Information Security Continuous Monitoring
17-EVAL-07-01	FY 2017 FISMA Evaluation Report	12/21/2017	4. Risk Management

17-AUD-08-04	FY 2017 DATA Act Audit	11/7/2017	2. As technical and operational issues arise during the USAC and Rolka DATA Act implementation, USAC and Rolka, in coordination with the FCC, should coordinate with OMB and Treasury to work through any issues in real time. The FCC should document all significant issues encountered that required OMB and Treasury involvement. Ensure that as technical and operational issues arise during the TRS Fund Administrator DATA Act implementation, the TRS Fund Administrator, in conjunction with the FCC, coordinates with OMB and Treasury to work through any issues in real time. The FCC should document all significant issues encountered that required OMB and Treasury involvement.
16-EVAL-06-01	FY 2016 FISMA Evaluation Report	12/8/2016	9. Identity and Access Management.
15-AUD-10-09	Audit of National Lifeline Accountability Database	3/26/2018	2.2. Require that USAC obtain written statements from state commissions and ETCs to confirm that their staff and agents who have NLAD access rights have successfully completed background investigations.
			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.

APPENDIX B

Report Number	Project Title (Recommendation No.)	Report Date	Recommendation(s)	Comments
Reports Issued in Prior Periods for which a Management Decision is Pending as of March 31, 2024				
13-AUD-12-29	Performance Audit of the Federal Communications Commission Wireline Competition Bureau (Rec. No. 4.1)	07/31/2015	4.1. We recommend WCB develop and implement a plan that ensures the closure of pending appeals in a timely manner and prioritizes the resolution of appeals filed 2010 and earlier.	FCC management requested OIG to close the audit recommendation without implementation. OIG sent follow-up questions to the FCC seeking additional clarification on a few items before making a decision on FCC's closure request. We are awaiting responses from the FCC.
15-AUD-10-09	Performance Audit of Universal Service Administrative Company National Lifeline Accountability Database (Rec No. 2.2 and 2.4)	3/26/2018	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.

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. | FCC management requested OIG to close the audit recommendation without implementation. OIG sent follow-up questions to the FCC seeking additional clarification on a few items before making a decision on FCC's closure request. We are awaiting responses from the FCC. |

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 compiled 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 remain outstanding.

On September 1, 2022, the Pension Benefits Guaranty Corporation Office of Inspector General (PBGC OIG) issued a modified peer review[5] of the FCC OIG's system of quality control for audit operations for the period ending March 31, 2022. The purpose of the review was to determine whether FCC OIG had controls to ensure that IPAs performed contracted work in accordance with professional standards. PBGC identified one recommendation to improve the FCC OIG policies and procedures. No recommendation from the PBGC OIG remain outstanding.

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

On March 28, 2024, the FCC OIG issued an External Inspection and Evaluation Peer Review Report on whether the Pension Benefit Guaranty Corporation (PBGC) OIG complied with the CIGIE Quality Standards for Inspection and Evaluation. The FCC OIG determined that PBGC's policies and procedures generally were consistent with the 2020 Blue Book standards addressed in the external peer review. No findings and recommendations were made.

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

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[5] 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.

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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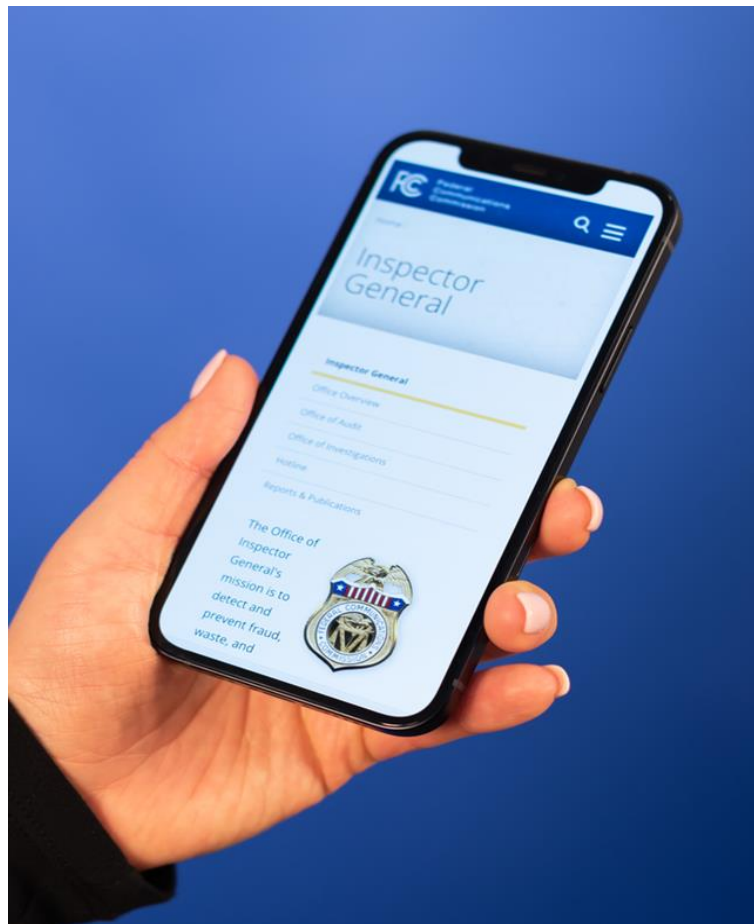
**Report fraud, waste, and abuse.
Email: Hotline@FCC.gov
Call Hotline: 202-418-0473**

**Whistleblower Disclosure Hotline
800-872-9855 or info@osc.gov
FCC OIG: WPC@fcc.gov**