



UNITED STATES GOVERNMENT
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF INSPECTOR GENERAL

MEMORANDUM

DATE: January 22, 2024

TO: Chairwoman Jessica Rosenworcel
Commissioner Brendan Carr
Commissioner Geoffrey Starks
Commissioner Nathan Simington
Commissioner Anna Gomez

FROM: Acting Inspector General Sharon R. Diskin *Sharon R. Diskin*

SUBJECT: Final Report on the Audit of the Federal Communications Commission
Affordable Connectivity Program (Project No. 23-AUD-01-04).

In accordance with *Infrastructure Investment and Jobs Act* (Infrastructure Act) dated November 15, 2021, Public Law 117-58, the Office of Inspector General (OIG) is providing the final report on the Audit of the Federal Communication Commission's Affordable Connectivity Program (ACP).

The OIG contracted with Kearney and Company, P.C. (Kearney) to audit the FCC's implementation of the ACP. This audit is consistent with the OIG's authority under the Inspector General Act of 1978, as amended, but not limited to sections 2(1)(2) and 4(a)(1). The audit is not intended as a substitute for any agency regulatory compliance review or regulatory compliance audit. The audit was performed in accordance with generally accepted government auditing standards. Those standards require that the auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions based on the audit objectives.

The audit was conducted from November 2022, through August 2023. The audit scope period covered ACP activities from January 1, 2022, through December 31, 2022, to meet the carryover provision from the Consolidated Appropriations Act of 2021 (PL 116-260) requiring an OIG audit within the first year of the program. The overall objective of the audit was to determine if the FCC implemented the ACP in accordance with the requirements of the Infrastructure Act.

Kearney found that the FCC made significant progress during the scope period covered by the audit. However, improvements were needed. In the attached audit report, dated January 22, 2024, Kearney noted five findings and 12 recommendations. A summary of each finding is provided below.

- The FCC did not establish specific performance targets to evaluate its performance against its goals, nor did the FCC’s Agency Performance Report clearly reflect how well the FCC is progressing towards achieving its ACP performance (Finding 1).
- USAC did not have effective controls in place to ensure that manual reviews of subscriber eligibility documents resulted in correct subscriber eligibility decisions (Finding 2).
- The FCC did not publish a report on participating providers compliance, as required by the Infrastructure Act, nor did it create a policy and procedures document outlining the procedures used for identifying and reporting ACP complaints (Finding 3).
- The FCC and USAC do not have an effective process for determining if providers are maintaining proper documentation supporting reimbursement claims (Finding 4).
- Although the FCC established its grant program in January 2022, most grant awards were not accepted until May or June 2023, when nearly half of ACP funds (48%) were expended, making the grant program less impactful to communities in need. Additionally, FCC’s outreach efforts could have been more effective in targeting consumers in need by conducting consumer research and focus groups at the time of program implementation. Finally, Kearney was unable to assess the effectiveness of the FCC’s grant outreach because the grants were awarded after the scope period of the audit (Finding 5).

The FCC generally concurred on the audit findings, except for Finding 4 where the FCC disagreed with Kearney’s treatment of test samples that were unsupported at the conclusion of audit fieldwork due to a lack of response from two service providers. In response, Kearney affirmed that the audit report reflected conclusions based on the evidence received, and that the context of the finding as presented in the report was factual and accurate.

Kearney is wholly responsible for the attached audit report and the conclusions expressed therein. OIG monitored Kearney’s performance throughout the audit and reviewed Kearney’s audit report and the related audit documentation. Our review disclosed no instances where Kearney did not comply in all material respects with generally accepted government auditing standards.

Questions regarding this report may be directed to Sophie Jones, Assistant Inspector General for Audit, at (202) 418-1655 or sophila.jones@fcc.gov, or Menjie Medina, Deputy Assistant Inspector General for Audit, at (202) 418-0949 or menjie.medina@fcc.gov.

Attachment

cc: Managing Director
Chief of Staff
Chief Financial Officer