



UNITED STATES GOVERNMENT
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF INSPECTOR GENERAL

MEMORANDUM

DATE: April 30, 2020

TO: Chief, Wireline Competition Bureau
Managing Director

FROM: Inspector General

for RM, AIGA

SUBJECT: Performance Audit of Pekin School District 108 for the Universal Service E-Rate Schools and Libraries Program Disbursements Related to Funding Year 2015 (Report No. 19-AUD-02-03)

The Office of Inspector General (OIG) is providing the final audit report for the performance audit of Pekin Public School District 108 (the District or Beneficiary) (Beneficiary No. 136154). The OIG contracted with the accounting firm KPMG LLP to perform the audit consistent with its authority under the Inspector General Act of 1978, as amended, including, but not limited, to sections 2(1), 4(a)(1) and (5). The audit is not intended as a substitute for any agency regulatory compliance review or regulatory compliance audit.

KPMG's audit objectives were to (1) determine if the District complied with FCC rules and orders applicable to the E-rate program; and (2) report on potential instances of fraud, waste and/or abuse, if applicable. The audit covered funding year 2015 (July 1, 2015 through June 30, 2016) E-rate program reimbursements received by the District.

The audit report includes two findings that address weaknesses in the District's internal control processes. The audit found that the District lacked adequate controls over its competitive bidding process and its management of equipment purchased with E-rate funds. The auditors provided four recommendations to address the findings, including a recommendation that the Universal Service Administrative Company, the Universal Service (USF) administrator, recover funds in the amount of \$10,943. The Beneficiary concurred with all four recommendations outlined in the report. In addition, the audit identified one other matter in which the District's telephone service provider requested and received reimbursement from the USF for ineligible items. The Beneficiary also concurred with the other matter.

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

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

Attachment: Draft Audit Report (Report No. 19-AUD-02-03, Performance Audit of Pekin School District 108 for the Universal Service E-Rate Schools and Libraries Program Disbursements Related to Funding Year 2015)

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