



UNITED STATES GOVERNMENT
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF INSPECTOR GENERAL

MEMORANDUM

DATE: August 17, 2021

TO: Chief, Wireline Competition Bureau
Managing Director

FROM: Inspector General *FOR RM*

SUBJECT: Performance Audit of Cullman County School District for the Universal Service E-Rate Schools and Libraries Program Disbursements Related to Funding Year 2015 (Report No. 19-AUD-10-06)

The Office of Inspector General (OIG) is providing the final audit report for the performance audit of Cullman County School District (District) (Beneficiary No. 127923), a Universal Service Fund (USF) Schools and Libraries (also known as E-rate) program beneficiary. The OIG contracted with the independent accounting firm KPMG LLP (KPMG) to perform the audit. The OIG contracted for this audit consistent with its authority under the Inspector General Act of 1978, as amended, including, but not limited to sections 2(1), 4(a)(1) and (5). The audit is not intended as a substitute for any agency regulatory compliance review or regulatory compliance audit.

KPMG's objectives were to (1) determine if the District complied with FCC rules and orders applicable to the Universal Service Fund (USF) E-rate program; and (2) report on potential instances of fraud, waste and/or abuse, if applicable. The scope of the performance audit was Funding Year 2015 (July 1, 2015 through June 30, 2016).

The final audit report includes two findings that address weaknesses in the District's internal control processes and one condition reported as an "other matter" – a condition that does not rise to the threshold of a reportable finding. The audit found that the District lacked adequate controls over its competitive bidding and invoicing processes. In addition, KPMG identified an "other matter" in which the District failed to file FCC Form 500 to cancel committed funds that were not used. The auditors provided four recommendations to address the findings, including a recommendation that the Universal Service Administrative Company, the USF administrator, recover E-Rate program funds in the amount of \$54,052 (or 15.8 percent of Funding Year 2015 disbursements). Management concurred with all four recommendations outlined in the report.

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

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

Attachment: Final Audit Report (Report No. 19-AUD-10-06, Performance Audit of Cullman County School District 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