



Federal Communications Commission
Washington, D.C. 20554

March 9, 2021

Radha Sekar
Chief Executive Officer
Universal Service Administrative Company
700 12th Street, N.W., Suite 900 Washington, D.C. 20005

Re: Government Accountability Office September 2020 E-Rate Fraud Risk Report

Dear Ms. Sekar:

This letter addresses the Government Accountability Office (GAO) report entitled *FCC Should Take Action to Better Manage Persistent Fraud Risks in the Schools and Libraries Program* (Report) released on September 16, 2020. The Report addressed: (1) the E-Rate program's key fraud risks; (2) the extent to which the FCC and the Universal Service Administrative Company (USAC) are managing fraud risks in accordance with leading practices; and (3) the extent to which the FCC and USAC face challenges in effectively employing data analytics to support fraud risk management activities. The Report made three recommendations focused on managing fraud risks and designing an antifraud strategy for addressing fraud risks in the E-Rate program. Specifically, GAO recommended that the FCC Chair direct and coordinate with the Chief Executive Officer of USAC to comprehensively assess fraud risks to the E-Rate program, including implementing respective plans for developing periodic fraud risk assessments; examining the suitability of existing fraud controls; and compiling fraud risk profiles. GAO also recommended that the FCC Chair ensure that the FCC and USAC follow the leading practices in GAO's Fraud Risk Framework when designing and implementing data-analytics activities to prevent and detect fraud as part of their respective antifraud strategies for the E-Rate program. Finally, GAO recommended that the FCC Chair direct USAC to clearly define and fully document the data fields in all relevant E-Rate program information systems to help improve the FCC's ability to effectively use E-Rate data to manage fraud risks.

By this letter, we direct USAC to: (1) comprehensively assess fraud risks to the E-Rate program, including implementing plans for developing periodic fraud risk assessments, examining the suitability of existing fraud controls, and compiling fraud risk profiles; and (2) clearly define and fully document the data fields in all relevant E-Rate program information systems to help improve the ability to understand and effectively use E-Rate data to manage fraud risks in the E-Rate program. This work, and other efforts to assess, design, implement, and monitor antifraud strategies for the E-Rate program, should follow the leading practices in GAO's Fraud Risk Framework.

Through USAC's regular oversight meetings with FCC staff, we have been made aware that USAC has made progress towards implementing GAO's recommendations. For example, USAC reported that it engaged a contractor to develop a fraud risk framework and will conduct a fraud risk assessment of the E-Rate program once its risk assessment of the High Cost program is completed. USAC has also reported partial completion of its project to update data dictionaries across the data fields in the E-Rate program-related information systems. We appreciate USAC's efforts thus far in working towards implementing GAO's recommendations. Our staff stands ready to coordinate with USAC on these efforts and looks forward to completion of the steps required to establish a comprehensive, effective fraud risk strategy for the E-Rate program.

Thank you for your prompt attention to these matters. Please feel free to contact us if you have any questions or wish to discuss these issues.

Sincerely,

Mark Stephens
Managing Director

A handwritten signature in blue ink that reads "Kris A. Monteith". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Kris A. Monteith
Chief, Wireline Competition Bureau