



Federal Communications Commission
Office of the Managing Director
Washington, D.C. 20554

To: Fara Damelin, Inspector General, FCC

From: Mark Stephens, Managing Director, FCC

Date: October 29, 2024

Subject: Inspector General's Top Management and Performance Challenges for FY 2025 for the Federal Communications Commission

Thank you for the opportunity to respond to review and respond to the Inspector General's (OIG) Top Management and Performance Challenges for Fiscal Year (FY) 2025 (Management Challenges Report) for the Federal Communications Commission (FCC or Commission). The Commission appreciates the efforts of your team to provide this analysis each year.

The FCC takes protecting the integrity of the funds in its programs very seriously, and has taken affirmative steps to reduce the risk of waste, fraud, and abuse, including responding to OIG's recommendations. At the outset, the Commission would like to note a few updates since the OIG completed their review of FCC activities through September 30, 2024. First, the FCC is very pleased to announce that the improper payment error rate for the E-Rate program for FY 2024 dropped from 1.59% to 1.27%. As this error rate is below the statutorily defined improper payment threshold of 1.5%, the E-Rate program is no longer considered to be susceptible to a significant risk of improper payments. This reduction is a major accomplishment the FCC has worked diligently on over the course of several years to improve program controls in the E-Rate program. The Commission continues to evaluate other improvements it can make to continue to strengthen its controls to prevent, detect, and respond to improper payments in all of its programs.

In addition, the Management Challenges Report includes 35 open OIG recommendations that were open as of September 30, 2024; the FCC has submitted documentation to support the closure of eight or 22.8% of the listed recommendations since September 30. The Commission looks forward to working with OIG to ensure that these recommendations are closed as soon as possible.

Furthermore, the Management Challenges Report includes twelve open recommendations from the Government Accountability Office (GAO) as of September 30, 2024; the FCC has submitted

documentation to close three or 25% of the listed recommendations. The GAO has also agreed to close two of those open GAO recommendations.

The FCC looks forward to working with OIG to close any additional open recommendations that it can as soon as possible and to address the challenges identified in your report.

Sincerely,

MARK
STEPHENS

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MARK STEPHENS
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Mark Stephens
Managing Director