



UNITED STATES GOVERNMENT  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF INSPECTOR GENERAL

## MEMORANDUM

**DATE:** January 31, 2024

**TO:** Mark Stephens  
Managing Director

**FROM:** Sharon Diskin/ *SD* for  
Acting Inspector General

**SUBJECT:** Final Report on Audit of USAC's Oversight of the USF Contributions Process  
(Project No. 23-AUD-05-01)

The Federal Communications Commission (FCC), Office of Inspector General (OIG) is providing the final audit report for the performance audit of the Universal Service Administrative Company's (USAC) oversight of the Universal Service Fund (USF) contributions process. OIG contracted with Williams, Adley & Company-DC, LLP (Williams Adley) to perform this audit. This audit was performed consistent with our 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 to substitute for any agency regulatory compliance review or regulatory compliance audit.

The objective of the audit was to determine whether internal controls over the USF contributions process via the E-file system are effective, timely and include all service providers legally obligated to make the contribution. The scope of the audit covered USF contributions data and processes related to the Form 499-A submitted for the calendar year 2021.

The attached final report, dated January 31, 2024 includes one finding and three recommendations., Williams Adley concluded that USAC had effective internal controls for ensuring that USF contributions are accurate, timely, and include all eligible service providers, however, identified internal control weaknesses in USAC's process for referring service providers to the FCC Enforcement Bureau (EB) for potential enforcement action. During calendar year 2022, USAC did not refer any eligible service providers to the FCC EB, despite instances where eligible service providers failed to make their universal service contributions obligation required by the Telecommunications Act of 1996. FCC and USAC concurred with the audit finding and recommendations cited on this report.

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

We appreciate the collaboration and courtesies extended to the OIG and our representatives during

the audit. If you have any questions concerning this audit report, please contact Sophie Jones, Assistant Inspector General for Audit, at (202) 418-1655 or [sophila.jones@fcc.gov](mailto:sophila.jones@fcc.gov) or Menjie Medina, Deputy Assistant Inspector General for Audit, at (202) 418-0949 or [menjie.medina@fcc.gov](mailto:menjie.medina@fcc.gov).

Cc: Chief Financial Officer  
Bureau Chief, Wireline Competition Bureau

Attachment: Final Audit Report (Project No. 23-AUD-05-01 [Audit of USAC's Oversight of the USF Contributions Process])