



UNITED STATES GOVERNMENT
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF INSPECTOR GENERAL

MEMORANDUM

DATE: December 5, 2016

TO: Chief, Wireline Competition Bureau
Chief, Wireless Telecommunications Bureau

FROM: Inspector General *for RM, A16A*

SUBJECT: Performance Audit of the FCC's Implementation of Reforms to the Universal Service Fund, High Cost Program
Assignment Number 15-AUD-04-04

The Federal Communications Commission (FCC), Office of Inspector General (OIG) contracted with Regis and Associates, PC (Regis and Associates), to conduct a performance audit of the FCC's implementation of reforms mandated by the Universal Service Fund High Cost Program Inter-Carrier Compensation Systems Transformation Order (FCC 11-161). The audit was performed consistent with the OIG's authority under the Inspector General Act of 1978, as amended, including, but not limited to sections 2(1), 4(a)(1) and 5. It is not intended as a substitute for any agency regulatory compliance review or regulatory compliance audit.

The objectives of the audit were to: 1) prepare a list of all of the mandates identified in the Transformation Order; 2) determine the entity, or entities, responsible for implementing each mandate, and the timeline for completion; 3) determine whether the FCC is adequately disclosing the implementation status of the mandates; and 4) determine whether the process of implementing the mandates could be improved. The scope of the audit included an evaluation of FCC's implementation of the Transformation Order mandates, from its inception through the end of fieldwork on January 29, 2016.

The audit found that the FCC has made significant progress in implementing the requirements of the Transformation Order, and that the reported implementation status is generally accurate. However, the audit identified two findings and two recommendations for improving the FCC's implementation of the Order.

OIG monitored performance of our contract with Regis and Associates and attended interviews they conducted as part of its audit, regularly met with them to discuss the audit status and outstanding issues, and reviewed their report and related documentation. Regis and Associates is wholly responsible for the attached auditor's report and the conclusions expressed therein. Our

review disclosed no instances where they did not comply in all material respects with generally accepted government auditing standards.

The final audit report for this audit is attached. The report incorporates FCC management's response to the draft audit report issued August 29, 2016.

Questions regarding this memorandum should be directed to Robert McGriff, Assistant Inspector General for Audits at 202-418-0479 or robert.mcgriff@fcc.gov, or Sharon Spencer, Deputy Assistant Inspector General, Universal Service Fund for USF at 202-418-0477 or sharon.spencer@fcc.gov.

Attachment:

Final Audit Report
15-AUD-04-04

cc: Managing Director
Chief of Staff
Chief Financial Officer