



NEWS

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INSPECTOR GENERAL RELEASES STATISTICAL ANALYSES OF AUDITS OF UNIVERSAL SERVICE FUND

Washington DC – The Federal Communications Commission's Office of Inspector General (FCC-OIG) released its initial analysis of audits of the Universal Service Fund (USF). The USF is administered by the Universal Service Administrative Company (USAC) on the Commission's behalf. The FCC-OIG reports contain statistical analyses of 459 audits of USF program participants.

In general, the audits indicated compliance with the Commission's rules, although erroneous payment rates exceeded 9% in most USF program segments.

The participants represent entities that received funds from, or contributed funds to, the USF program. All USF programs were audited: Contributors payments; Low Income, Schools and Libraries, High Cost, and Rural Health care. The audits were performed by commercial audit firms contracted and managed by USAC with FCC-OIG oversight. The audits were initiated to determine whether contributions to the Universal Service Fund, and distributions from that fund, were being made in accordance with the Commission's rules, and to produce data that would provide a basis for statistical estimates of erroneous payment rates as required by the Improper Payments Information Act ("IPIA").

The audits resulted in the following erroneous payments rates: Contributors payments - 5.5%, Low Income - 9.5%; Schools and Libraries - 12.9%; High Cost Fund - 16.6%; and Rural Health Care - 20.6%.

An "erroneous payment" is defined by the Office of Management and Budget under the IPIA to be "any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments and underpayments (including inappropriate denial of payment or service). An improper payment includes any payment that was made to an ineligible recipient or for an ineligible service, duplicate payments, payments for services not received, and payments that are for the incorrect amount. In addition, when an agency's review is unable to discern whether a payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an error."

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