



NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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OFFICE OF INSPECTOR GENERAL RELEASES STATISTICAL ANALYSIS OF AUDITS OF UNIVERSAL SERVICE SCHOOLS & LIBRARIES FUND

Washington DC – The Federal Communications Commission's Office of Inspector General ("FCC-OIG") released its initial analysis of the most recent audits of distributions to schools and libraries from the Universal Service Fund ("USF"). The USF is administered by the Universal Service Administrative Company ("USAC") on the Commission's behalf. The FCC-OIG report contains statistical analyses of 260 audits of USF schools and libraries program beneficiaries. The Schools and Libraries Program of the Universal Service Fund, commonly known as "E-rate," provides discounts to assist schools and libraries in obtaining affordable telecommunications and Internet access services. The audits were performed to determine whether distributions to Schools and Libraries Program beneficiaries were being made in accordance with the Commission's directives and to provide data for statistical estimates of erroneous payments as required by the Improper Payments Information Act of 2002 ("IPIA").

An "erroneous payment" is defined by the Office of Management and Budget under the IPIA as "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." The audits were performed by commercial audit firms contracted and managed by USAC with FCC-OIG oversight.

Under IPIA standards, a program is at risk if the erroneous payment rate exceeds 2.5 % and the amount of erroneous payments is greater than \$10 million. The erroneous payment rate is estimated to be 13.8% for the Schools & Libraries Program which exceeds the erroneous payment rate from the 2007 audits which was 12.9%. Total estimated erroneous payments for the Schools and Libraries Program is \$232.7 million as compared with \$210 million for the 2007 audits. Accordingly, the FCC-OIG has concluded that the Schools & Libraries Fund is 'at risk' under the IPIA criteria.