

FY 2020 OMB Supplemental Data Call

Federal Communications Commission (FCC)

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Agency-Wide Responses

Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

Please describe the steps the agency has taken to detect and recover improper payments.

ANSWER:

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	6-Audit (improve IC)		FY2019 Q4
14. Other	6-Audit (improve IC)		FY2019 Q4

ANSWER:

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
14. Other	6-Audit (improve IC)		FY2019 Q4

Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: To detect improper payments, the Commission and USAC have worked together to establish payment recapture audits and an improper payment testing program.

USAC's payment recapture audits are the known as Beneficiary and Contributor Audit Program (BCAP). BCAP audits are designed to identify overpayments that must be recaptured, assess compliance with FCC rules, and deter waste, fraud, and abuse. BCAP procedures are reviewed and approved by the Commission.

USAC's improper payment testing program is known as Payment Quality Assurance (PQA). Through PQA, USAC utilizes a statistical sampling methodology to estimate the annual amount of improper payments in the USF-HC, USF-LL, USF-RHC, and USF-S&L programs. The goal of the PQA assessment plan is to estimate an improper payment error rate based on non-compliance with FCC rules. PQA procedures are reviewed and approved by the Commission.

To recover improper payments, USAC is implementing an enterprise recovery policy to standardize the reporting and recovery of improper payments. As noted in response to Question 3 below, all USAC

improper payments are deemed collectible and USAC has either recovered or is in the process of recovering the improper payments.

Please see also the responses to Questions 10 and 11 for corrective actions to mitigate future instances of improper payments.

Question 3: Recovery Audits (PIIA Section: 3352)

Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.

ANSWER: For those programs for which improper payments were identified, the Commission has either recovered or is in the process of recovering the payments. USAC tracks and reports monetary recoveries to the Commission on a monthly basis. All improper payments are deemed to be collectible. For any improper payments identified, the Commission is assessing the reason for the improper payment and will take corrective actions to prevent such improper payments from re-occurring, such as changing a business process, strengthening an internal control, or improving an existing rule.

Question 4: Excluded Programs (PIIA Section: 3352(e) (7))

Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.

ANSWER: No USF program was excluded from review under the USF payment recapture audit program.

Question 5: Financial and Administrative Controls (PIIA Section: 3357(d))

Please describe your agency's progress:

- Implementing the financial and administrative controls established by OMB in OMB Circular A-123 to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments; the fraud risk principle in the Standards for Internal Control in the Federal Government published by the Government Accountability Office (commonly known as the "Green Book"); and Office of Management and Budget Circular A-123, with respect to the leading practices for managing fraud risk;*
- Identifying risk and vulnerabilities to fraud, and*
- Establishing strategies, procedures, and other steps to curb fraud.*

ANSWER:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
3 – Fully Operational	3 – Fully Operational	2 – Established	2 – Established

Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The FCC has processes to gather and analyze information about fraud risks to prevent and deter fraud and reduce or prevent improper payments in its programs, including:

1) Annual completion of entity level risk assessment tool by the Commission’s largest Bureaus, Offices, and reporting components in alignment with GAO’s Green Book and the Commission’s Enterprise Risk

Management framework, 2) Quarterly FCC Senior Management Council meetings to discuss risks and related corrective actions, and hold Commission managers accountable for their areas of responsibilities, 3) Fraud risk analyses in the entity level assessments and the program level assessments, 4) Investigations supporting enforcement actions, 5) Audits of USF beneficiaries, and 6) Testing of payments to USF beneficiaries.

Annually, the Commission takes these risks into account as it conducts its operations, implements new programs, or alters existing programs. If issues are detected, the FCC can take action as necessary, including withholding payments, seeking recovery of funds, amending existing processes, updating policies and procedures, and referring cases to the OIG as necessary for potential prosecution in conjunction with DOJ. Recently the FCC has also been working to develop a data-analytics tool to help detect fraud in the USF programs, and in August 2019, launched a new Fraud Division within the Enforcement Bureau (EB) to focus on fraud in the USF programs

Although the Commission has made improvements in its fraud risk efforts, there are still areas for improvement. Improvements include but are not limited to: 1) dedicating an entity to manage fraud risk activities, 2) conducting fraud risk assessments at regular intervals and determining the fraud risk profile, and 3) designing and implementing an antifraud strategy. The Commission will continue to work beyond its current processes to align better with best practices in this area.

- USAC has established a Fraud Risk Group within USAC's Office of General Counsel (OGC) to perform fraud risk assessments of USF Programs in accordance with the GAO fraud risk framework. During the course of conducting audits or Payment Quality Assurance (PQA) improper payment reviews, and also potentially through whistleblower complaints, USAC may identify instances of potentially fraudulent activity. Any such instances are reported to USAC's OGC, which collects information about the potentially fraudulent activity. USAC's OGC provides this information to the Commission's EB and OIG. The FCC will investigate and provide direction to USAC for recovery of USF support, if warranted.

In February 2020, the Commission entered into a consent decree with a service provider to resolve its investigation into a violation of the Commission's RHC Program Rules as well as the Commission's Contribution rules. The company agreed to a settlement.

ANSWER: The FCC has processes to gather and analyze information about fraud risks to prevent and deter fraud and reduce or prevent improper payments in its programs, including:

During the course of conducting audits or Payment Quality Assurance (PQA) improper payment reviews, and also potentially through whistleblower complaints, USAC may identify instances of potentially fraudulent activity. Any such instances are reported to USAC's OGC, which collects information about the potentially fraudulent activity. USAC's OGC provides this information to the Commission's EB and OIG. The FCC will investigate and provide direction to USAC for recovery of USF support, if warranted.

Question 6: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Please indicate the following:

- Any programs not listed in this collection which were recently assessed to determine susceptibility of improper payments.
 - Whether it was likely to be above or below the statutory threshold.
- The FY for any programs not listed in this collection which were most recently assessed to determine whether it was likely to be above or below the statutory threshold.
- If they had substantial changes to RA methodology.

ANSWER:

Program not listed	Likely to be above or below threshold?	Assessment Date	Substantial RA methodology changes??
USAC Admin expenses	Likely to be Below Statutory Threshold	Other	NO
FCC Operating Expenses	Likely to be Below Statutory Threshold	Other	NO
North American Numbering Plan	Likely to be Below Statutory Threshold	Other	NO
International Telecommunications Relay Service	Likely to be Below Statutory Threshold	Other	NO
TV Broadcasters Relocation Fund - TVBRF	Likely to be Below Statutory Threshold	Other	NO
Covid19 Telehealth Program - CV19TP	Likely to be Below Statutory Threshold	Other	NO

Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: All USF programs were assessed to be susceptible to improper payments.

Rural Health Care (RHC)

Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

- *Meeting applicable improper payments reduction targets;*
- *Preventing improper payments from being made; and*
- *Promptly detecting and recovering improper payments that are made.*

ANSWER:

Performance Appraisal Criteria
meeting applicable improper payments reduction targets
prevent improper payments from being made
promptly detect and recover improper payments that are made

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC, in conjunction with the FCC, has implemented an Improper Payment Analysis process. Through this process, USAC management performs a deep-dive review of its improper payments to more thoroughly understand the root cause and to identify corrective actions that address the root cause. This process has enabled USAC management and the Commission to institutionalize corrective actions as part of program integrity efforts, which will prevent future instances of improper payments. USAC leadership is implementing a quarterly review process to discuss progress towards executing these corrective actions.

In addition, monthly meetings are held between USAC's Audit and Assurance Division (AAD) and USAC leadership to discuss findings identified by AAD. During these meetings, corrective actions are discussed to prevent similar findings in the future. Monthly meetings are also held between USAC's AAD and the Commission. During these meetings, there may be discussion around audit findings with significant impact.

Further, USAC management has implemented an improper payment reporting process to help ensure improper payments are promptly detected and reported. USAC management is also implementing an enterprise recovery policy to standardize the reporting and recovery of improper payments.

USAC utilizes a heat map to assess risk that may prevent the successful achievement of the corporate objectives. The goal of USAC's Enterprise Risk Management (ERM) effort is to integrate risk management into USAC's operations, resulting in a continuous process of identification, assessment, response, and reporting of risk that may threaten achieving project, program, and strategic objectives. Any major risk that may impact strategic initiatives is escalated and reported to USAC's senior leadership via risk management councils. Regularly providing managers and decision-makers with timely feedback allows leadership to make course corrections to achieve USAC's strategic objectives. The risk management council meetings provide an opportunity to analyze and respond to identified changes and related risks to maintain an effective internal control system as well as effective enterprise systems management.

Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.

ANSWER:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	14. Other	Other (free text)

Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: With the implementation of 2019 Rural Health Care Program Reform Order, which is underway, USAC and the FCC expect a reduction to the Rural Health Care improper payment rate.

Question 8: Tolerable Rate

Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
NO

Question 8 Free Text: Tolerable Rate

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC and the FCC anticipate a reduction in the improper payment rate after implementation of the 2019 Rural Health Care Program Reform Order.

Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.

ANSWER:

Indicate 'yes' or 'no'	Indicate program needs
YES	5. Other: Explain

Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The Rural Health Care Program has the internal controls, human capital, information systems, and other infrastructure it requires to reduce IPs to the targeted levels.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)	FY2020 Q3	
14. Other	4-Change Process (instructions, checklist, policy)	FY2020 Q3	

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Urban/Rural Rates: On August 1, 2019, the Commission adopted a Report and Order that streamlines the process to determine urban and rural rates that are used to calculate RHC Telecommunications (Telecom) Program support and strengthens safeguards to protect the RHC Program from waste, fraud, and abuse. The reforms adopted by the Commission adjust the Telecommunications (Telecom) Program's rules and procedures. These changes were made, in part, to discourage waste, fraud, and abuse. For example, the Commission modified the rules for determining the urban and rural

rates and directed USAC to create a publicly available database that will publish the urban rates that RHC Program participants must use to request Telecom Program support and the maximum rural rate that RHC Program participants may use absent a waiver granted by the Commission. As a result of these changes, which go into effect in funding year 2021, improper payments based on failures by RHC Program participants to substantiate urban and rural rates should be substantially eliminated.

Invoicing Error and Goods/Services Not Fully Utilized: USAC has performed additional outreach to remind the applicants and service providers that USAC may only be invoiced for services actually delivered and the amounts on the customer bills must match the dates of service that were submitted and approved on the FCC Form 467 and the amounts that were approved in the Funding Commitment Letter (FCL). USAC currently reminds applicants and service providers that they must notify USAC of any changes to the recurring costs and/or dates of service over the course of the commitment so that the commitment amount may be properly adjusted.

Urban/Rural Rates and Competitive Bidding: USAC's Rural Health Care Program team has enhanced its application review procedures to ensure compliance with the Commission's urban and rural rate rules. In addition, USAC will also continue to test Rural Health Care participants' compliance with competitive bid requirements as part of its application review procedures. Through USAC's strengthened application review procedures, USAC will have enhanced tools to verify Rural Health Care participants' compliance with the Rural Health Care Program rules. As such, competitive bidding, urban rate, and rural rate issues will be identified and addressed prior to disbursement on a more accurate and consistent basis, thereby reducing future instances of improper payments.

All Finding Types (Outreach): Furthermore, USAC has enhanced its outreach approach regarding the common findings, including enhancing website training materials, webinars, and communicating best practices based on the observations made from the PQA findings.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
14. Other	3-Training (how to complete contracts)	FY2021	
14. Other	4-Change Process (instructions, checklist, policy)	FY2021	

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Invoicing Error and Goods/Services Not Fully Utilized: USAC is currently actively planning the implementation of new post-commitment review processes to review invoice documentation such as reviewing a select sample of invoices at the operational level prior to disbursement. USAC will continue to perform additional outreach to remind the applicants and service providers that USAC may only be invoiced for services actually delivered and the amounts on the customer bills must match the dates of service that were submitted and approved on the FCC Form 467 and the amounts that were approved in the Funding Commitment Letter (FCL). USAC will continue to also remind applicants and service providers that they must notify USAC of any changes to the recurring costs and/or dates of service over the course of the commitment so that the commitment amount may be properly adjusted.

Competitive Bidding: The Rural Health Care Program team has a competitive bidding checklist that is used to help ensure compliance with competitive bidding requirements during application review. The Rural Health Care Program team is planning to review its competitive bidding checklist with USAC's Office of General Counsel Fraud Risk Group and USAC's Audit & Assurance Division to enhance the checklist to help prevent future improper payments related to competitive bidding violations.

Lack of or Incomplete Documentation: The Rural Health Care Program will continue to remind applicants through newsletters, webinars, and website that they are required to comply with all PQA documentation requests and document retention rules. Additionally, the Rural Health Care Program is in the process of implementing post-commitment review processes that will aid in mitigating this improper payment type from occurring in the future.

All Finding Types (Outreach): Furthermore, USAC will continue to enhance its outreach approach regarding the common findings, including enhancing website training materials, webinars, and communicating best practices based on the observations made from the PQA findings.

All Finding Types (Improper Payment Analysis): USAC management is performing a deep-dive review of its improper payments to more thoroughly understand their root causes and to identify corrective actions that will address the root causes. Through this analysis, USAC management is institutionalizing corrective actions as part of its program integrity efforts that will reduce future instances of improper payments.

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

ANSWER:

Indicate compliant or non-compliant	Compliance criteria
Non-Compliant	6. Report a gross Improper Payment Rate of Less than 10%

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: In FY 2019, the Inspector General's auditors concluded that the Rural Health Care Program's improper payment rate exceeded the statutory threshold of less than 10 percent of the gross program outlays.

Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
1

Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: For FY 2019, the Rural Health Care Program had an estimated improper rate of 11.46 percent of the program's total outlays for the year. This percentage exceeded the compliance limit of having an improper payment rate of less than 10 percent of outlays as described in OMB's guidance on improper payments reporting.

Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))

If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.

ANSWER:

Indicate root cause	Indicate planned corrective actions
14. Other	4-Change Process (instructions, checklist, policy)

Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:

- The measurable milestones to be accomplished*
- The senior executive agency official responsible*
- Establishment of an accountability mechanism*
- Incentives*
- Consequences*

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Implementation of 2019 Rural Health Care Program Reform Order	FY2021		Mark Stephens - Managing Director			

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC and the FCC believe the following measurable milestones will reduce the USF Rural Health Care Program improper payment rate:

2019 Rural Health Care Program Reform Order: USAC's improper payment testing in 2019 for the Rural Health Care Program determined that a number of improper payments occurred due to non-compliance by Rural Health Care Program participants with the FCC's urban and rural rate rules. Recognizing that its rules governing the rural and urban rate determinations were difficult to administer, resulted in inconsistent support amounts between health care providers for the same services in the same areas, and permitted waste, fraud, and abuse, the Commission adopted a Report and Order on August 1, 2019 that streamlines the process to determine urban and rural rates that are used to calculate Rural Health Care Telecommunications Program support. Specifically, the Commission modified its rules for determining the urban and rural rates and directed USAC to create a publicly available database of available rates. USAC has published the Rates Database, which provides the urban rates that participants must use to request Rural Health Care Telecommunications Program support and the maximum rural rate Rural Health Care Program participants may receive absent a waiver granted by the Commission. As a result of these changes, the FCC anticipates that improper payments based on the failure of Rural Health Care Program participants to substantiate and document the urban and rural rates used to determine Rural Health Care Telecommunications Program support will decline significantly.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Daily	Daily

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Pursuant to the Do Not Pay (DNP) Initiative, the FCC has incorporated the use of the DNP databases and continuous monitoring into the FCC's existing business processes. Each month, the FCC generates an updated vendor file to be placed on the U.S. Treasury's server. This file is matched with the Death Master File (DMF) of the Social Security Administration List of Excluded Individuals and Entities (LEIE), Office of Foreign Assets Control (OFAC), and the System for Award Management's (SAM) Entity Registration and Exclusion Records. If any payments are stopped, the FCC will research the item and contact the vendor. Also, when there is a positive match, the FCC will tell the vendor to contact Treasury for details regarding the stopped payment. If the match is a false positive, the FCC will submit an adjudication report to

Treasury.

USAC generates an updated vendor file to be placed on the U.S. Treasury's server. This file is matched with the DMF, LEIE, OFAC, and SAM. If any payments are stopped, USAC will research the item and contact the vendor. Also, when there is a positive match, USAC will direct the vendor to contact Treasury for details regarding the stopped payment.

USF-Lifeline

Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

- Meeting applicable improper payments reduction targets;
- Preventing improper payments from being made; and
- Promptly detecting and recovering improper payments that are made.

ANSWER:

Performance Appraisal Criteria
meeting applicable improper payments reduction targets

Performance Appraisal Criteria
prevent improper payments from being made
promptly detect and recover improper payments that are made

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC, in conjunction with the FCC, has implemented an Improper Payment Analysis process. Through this process, USAC management performs a deep-dive review of its improper payments to more thoroughly understand the root cause and to identify corrective actions that address the root cause. This process has enabled USAC management and the Commission to institutionalize corrective actions as part of program integrity efforts, which will prevent future instances of improper payments. USAC leadership is implementing a quarterly review process to discuss progress towards executing these corrective actions.

In addition, monthly meetings are held between USAC's Audit and Assurance Division (AAD) and USAC leadership to discuss findings identified by AAD. During these meetings, corrective actions are discussed to prevent similar findings in the future. Monthly meetings are also held between USAC's AAD and the Commission. During these meetings, there may be discussion around audit findings with significant impact.

Further, USAC management has implemented an improper payment reporting process to help ensure improper payments are promptly detected and reported. USAC management is also implementing an enterprise recovery policy to standardize the reporting and recovery of improper payments.

USAC utilizes a heat map to assess risk that may prevent the successful achievement of the corporate objectives. The goal of USAC's Enterprise Risk Management (ERM) effort is to integrate risk management into USAC's operations, resulting in a continuous process of identification, assessment, response, and reporting of risk that may threaten achieving project, program, and strategic objectives. Any major risk that may impact strategic initiatives is escalated and reported to USAC's senior leadership via risk management councils. Regularly providing managers and decision-makers with timely feedback allows leadership to make course corrections to achieve USAC's strategic objectives. The risk management council meetings provide an opportunity to analyze and respond to identified changes and related risks to maintain an effective internal control system as well as effective enterprise systems management.

Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.

ANSWER:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	14. Other	4-Change Process (instructions, checklist, policy)

Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC and the FCC will continue to implement corrective actions and mitigation strategies to reduce the Lifeline improper payment rate.

Question 8: Tolerable Rate

Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
NO

Question 8 Free Text: Tolerable Rate

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Lifeline will continue to see a reduction in the improper payment rate due to the implementation of the National Verifier, as well as other program integrity initiatives discussed in response to Questions 2, 10, 11, and 14.

Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.

ANSWER:

Indicate 'yes' or 'no'	Indicate program needs
YES	5. Other: Explain

Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The Lifeline Program has the internal controls, human capital, information systems, and other infrastructure it requires to reduce IPs to the targeted levels.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
14. Other	4-Change Process (instructions, checklist, policy)	FY2020 Q1	

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: National Verifier (NV) and Standardized Forms: To reduce the incidence of improper payments and guard against fraud, the Commission and USAC established the Lifeline NV. The NV includes multiple validations to determine subscriber eligibility, prevent duplicate subscribers, and ensure that proper supporting documentation is provided for enrollment. ETCs operating where the NV is fully launched are required to use the NV to make eligibility determinations for Lifeline consumers. The NV has fully launched in fifty-three states and territories, and has soft launched in an additional three states. California, Texas, and Oregon will continue to manage their own eligibility process for most Lifeline participants living in those states, in which eligibility determinations are processed by a state agency or its administrator, and USAC will monitor these states' eligibility determination processes to ensure compliance with the Commission's rules. In conjunction with the rollout of the NV, effective July 1, 2018, all ETCs must now use the eligibility certification language exactly as it is written on the universal form or established state certification form. The implementation of the NV and the universal form requirement has significantly reduced improper payments due to inadequate and missing documentation for subscribers.

Sales Agent Compliance: To better detect suspicious activity in the National Lifeline Accountability Database (NLAD) and NV systems and restrict the access of enrollment representatives engaged in potentially fraudulent activity (e.g., enrolling fictitious subscribers), the FCC established on May 25, 2020 the Representative Accountability Database (RAD) to identify and register sales agents who assist consumers in applying for Lifeline.

Eliminating Phantom Subscribers: Phantom subscribers are described as those that are not enrolled in the NLAD and claimed for support, or vice versa. Beginning in January 2018, all claims for support are limited to only those subscribers that have been validated and enrolled in the NLAD. As a result, no Lifeline service provider can claim more subscribers than have been validated. In the three states that have opted out of the NLAD (California, Oregon, and Texas), payment is based on a subscriber listing provided by the state administrator.

Prevention of Duplicate Support: With the launch of the NV, USAC has enhanced the NLAD to ensure that no enrollment is permitted in a fully launched state until the NLAD confirms that the NV has found the consumer to be eligible. Further, the NV itself will not deem a consumer eligible until it confirms that the consumer is not already enrolled in the program as recorded in the NLAD. These cross-checks should prevent service providers from attempting to enroll a duplicate subscriber.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
14. Other	4-Change Process (instructions, checklist, policy)	FY2022	

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC continues to work with the FCC to address compliance issues that are not mitigated by the implementation of the National Verifier.

Non-Usage Compliance: USAC will implement programmatic reviews to determine whether ETCs are in compliance with non-usage rules that prohibit ETCs from claiming subscribers who did not use their Lifeline service for 45 days. In addition, USAC will also review the possibility of adding system enhancements that will assist USAC in detecting whether ETCs are potentially violating non-usage rules. To complement this initiative, USAC will engage an external auditor to test compliance by one or more service providers with the Lifeline Program non-usage rules.

Preventing Support for Subscribers Outside of Service Area: USAC is in the process of implementing additional system controls to prevent the enrollment of subscribers in the NLAD in areas in which the ETC does not have authority to operate.

Preventing Support for Deceased Subscribers: USAC is also planning on performing a monthly check to determine whether existing subscribers may be deceased by directly accessing the Social Security Administration's Death Master File. Currently, all subscribers are checked to ensure they are not deceased prior to enrollment; the new process would prevent improper payments for subscribers who die after they enroll in Lifeline.

Improper Payment Analysis: USAC management is performing a deep-dive review of its improper payments to more thoroughly understand their root causes and to identify corrective actions that will address the root causes. Through this analysis, USAC management is institutionalizing corrective actions as part of its program integrity efforts that will reduce future instances of improper payments.

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

ANSWER:

Indicate compliant or non-compliant	Compliance criteria
Non-Compliant	1. Publish an AFR or PAR
Non-Compliant	3. Publish Improper Payment Estimates
Non-Compliant	4. Publish Programmatic Corrective Action Plans
Non-Compliant	5. Publish and Meet Annual Reduction Targets
Non-Compliant	6. Report a gross Improper Payment Rate of Less than 10%

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: In FY 2019, the Inspector General's auditors concluded that the Lifeline Program's improper payment rate was understated and did not adequately assess the improper payment risk associated with Lifeline Program rule requirements. USAC and the FCC did not agree with this conclusion and believe the Lifeline Program's improper payment rate was properly reported and adequately assesses the improper payment risk associated with Lifeline Program rule requirements.

Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
3

Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: In FYs 2017, 2018 and FY2020, the program's improper payment estimate was above 10 percent. In FY 2019, the Inspector General's auditors concluded that the Lifeline Program's improper payment rate was understated and did not adequately assess the improper payment risk associated with Lifeline Program rule requirements. USAC and the FCC did not agree with this conclusion and believe the Lifeline Program's improper payment rate was properly reported and adequately assesses the improper payment risk associated with Lifeline Program rule requirements.

Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))

If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.

ANSWER:

Indicate root cause	Indicate planned corrective actions
14. Other	4-Change Process (instructions, checklist, policy)

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The following are descriptions of key efforts to prevent and reduce improper payments in the USF Lifeline Program (LL):

Standardized Forms: To prevent payments for improperly certified subscribers, the FCC and USAC developed standardized forms for the USF LL Program's certification, re-certification, and one-per-household worksheets. Since July 1, 2018, all LL service providers have been required to use these forms to verify and recertify subscriber eligibility.

National Verifier(NV): The FCC and USAC launched the NV in all states and territories by the end of 2019. The NV increases program integrity by applying a consistent eligibility standard for LL Program participants. CA, TX, and OR will continue to manage their own eligibility process and USAC will monitor these states to ensure compliance. The NV will significantly reduce improper payments related to prior program integrity issues, such as ineligible subscribers, deceased subscribers, duplicate subscribers, and oversubscribed addresses.

Prevention of Duplicate Support: No enrollment is permitted in a fully launched state until the NLAD confirms that the NV has found the consumer to be eligible. Further, the NV itself will not deem a consumer eligible until it confirms that the consumer is not already enrolled in the program as recorded in the NLAD. These cross-checks should prevent service providers from attempting to enroll a duplicate subscriber.

Eliminating Phantom Subscribers: Phantom subscribers are described as those that are not enrolled in the NLAD and claimed for support, or vice versa. Beginning in 12/2018, all claims for support are limited to only those subscribers that have been validated and enrolled in NLAD. As a result, no LL service provider can claim more subscribers than have been validated.

Preventing Support for Deceased Subscribers: USAC automatically prevents the enrollment of a deceased subscriber through its connection to LexisNexis, which leverages the SSA's Death Master File, among other source data, as well as direct access to the SSA's death master file.

Improper Payment Analysis: USAC management is performing a deep-dive review of its improper payments to more thoroughly understand their root causes and to identify corrective actions that will address the root causes. Through this analysis, USAC management is institutionalizing corrective actions as part of its program integrity efforts that will reduce future instances of improper payments.

Improper Payment Testing Procedures, including Non-Usage Testing: The FCC and USAC will work together to determine what procedures can be added or enhanced to better ensure that improper payment testing procedures adequately assess the risk associated with the USF LL Program. To assist with this initiative, USAC will engage an external auditor to test compliance by one or more service providers with the LL Program non-usage rules.

Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:

- The measurable milestones to be accomplished
- The senior executive agency official responsible
- Establishment of an accountability mechanism
- Incentives
- Consequences

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Implementation of Standardized Forms and National Verifier	FY2021		Mark Stephens			

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC and the FCC believe the following measurable milestones will reduce the USF Lifeline Program improper payment rate:

Standardized Forms: To prevent payments for improperly certified subscribers, the FCC and USAC developed standardized forms for the USF Lifeline Program's certification, re-certification, and one-per-household worksheets. Since July 1, 2018, all Lifeline service providers have been required to use these forms to verify and recertify subscriber eligibility.

National Verifier: The FCC and USAC launched the National Verifier in all states and territories by the end of 2019. The National Verifier increases program integrity by applying a consistent eligibility standard for Lifeline Program participants. California, Texas, and Oregon will continue to manage their own eligibility process for most Lifeline participants living in those states, in which eligibility determinations are processed by a state agency or its administrator, and USAC will monitor these states' eligibility determination processes to ensure compliance with the Commission's rules. The National Verifier will significantly reduce improper payments related to prior program integrity issues, such as ineligible subscribers, deceased subscribers, duplicate subscribers, and oversubscribed addresses. The National Verifier utilizes a combination of automated and manual processes to verify eligibility and confirm whether a consumer is qualified for the Lifeline program. To confirm participation in a qualifying program, the National Verifier connects to multiple eligibility databases, including connections with the U.S. Department of Housing and Urban Development database to verify federal public housing assistance,

and with the Centers for Medicare and Medicaid Services (CMS) database to verify Medicaid participation. The National Verifier also connects to state Supplemental Nutrition Assistance Program, Medicaid, Supplemental Security Income, and/or income databases in 19 of the launched states and territories. With its existing connections, the National Verifier is automatically verifying the eligibility of up to 83% of consumers seeking to enroll in the Lifeline program. To further refine the verification process, USAC continues to work with states and territories to implement additional automated connections to eligibility databases.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Daily	Daily

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Pursuant to the Do Not Pay (DNP) Initiative, the FCC has incorporated the use of the DNP databases and continuous monitoring into the FCC's existing business processes. Each month, the FCC generates an updated vendor file to be placed on the U.S. Treasury's server. This file is matched with the Death Master File (DMF) of the Social Security Administration List of Excluded Individuals and Entities (LEIE), Office of Foreign Assets Control (OFAC), and the System for Award Management's (SAM) Entity Registration and Exclusion Records. If any payments are stopped, the FCC will research the item and contact the vendor. Also, when there is a positive match, the FCC will tell the vendor to contact Treasury for details regarding the stopped payment. If the match is a false positive, the FCC will submit an adjudication report to

Treasury.

USAC generates an updated vendor file to be placed on the U.S. Treasury's server. This file is matched with the DMF, LEIE, OFAC, and SAM. If any payments are stopped, USAC will research the item and contact the vendor. Also, when there is a positive match, USAC will direct the vendor to contact Treasury for details regarding the stopped payment.

USF-Schools & Libraries

Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities

(where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

- Meeting applicable improper payments reduction targets;*
- Preventing improper payments from being made; and*
- Promptly detecting and recovering improper payments that are made.*

ANSWER:

Performance Appraisal Criteria
meeting applicable improper payments reduction targets
prevent improper payments from being made
promptly detect and recover improper payments that are made

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC, in conjunction with the FCC, has implemented an Improper Payment Analysis process. Through this process, USAC management performs a deep-dive review of its improper payments to more thoroughly understand the root cause and to identify corrective actions that address the root cause. This process has enabled USAC management and the Commission to institutionalize corrective actions as part of program integrity efforts, which will prevent future instances of improper payments. USAC leadership is implementing a quarterly review process to discuss progress towards executing these corrective actions.

In addition, monthly meetings are held between USAC's Audit and Assurance Division (AAD) and USAC leadership to discuss findings identified by AAD. During these meetings, corrective actions are discussed to prevent similar findings in the future. Monthly meetings are also held between USAC's AAD and the Commission. During these meetings, there may be discussion around audit findings with significant impact.

Further, USAC management has implemented an improper payment reporting process to help ensure improper payments are promptly detected and reported. USAC management is also implementing an enterprise recovery policy to standardize the reporting and recovery of improper payments.

USAC utilizes a heat map to assess risk that may prevent the successful achievement of the corporate objectives. The goal of USAC's Enterprise Risk Management (ERM) effort is to integrate risk management into USAC's operations, resulting in a continuous process of identification, assessment, response, and reporting of risk that may threaten achieving project, program, and strategic objectives. Any major risk that may impact strategic initiatives is escalated and reported to USAC's senior leadership via risk management councils. Regularly providing managers and decision-makers with timely feedback allows leadership to make course corrections to achieve USAC's strategic

objectives. The risk management council meetings provide an opportunity to analyze and respond to identified changes and related risks to maintain an effective internal control system as well as effective enterprise systems management.

Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.

ANSWER:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)
NO	14. Other	4-Change Process (instructions, checklist, policy)

Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC and the FCC will continue to implement corrective actions and mitigation strategies to reduce the Schools & Libraries improper payment rate.

Question 8: Tolerable Rate

Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
NO

Question 8 Free Text: Tolerable Rate

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Schools and Libraries will continue to implement corrective actions and mitigation strategies to reduce the Schools & Libraries improper payment rate.

Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.

ANSWER:

Indicate 'yes' or 'no'	Indicate program needs
YES	5. Other: Explain

Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The Schools and Libraries Program has the internal controls, human capital, information systems, and other infrastructure it requires to reduce IPs to the targeted levels.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	3-Training (how to complete contracts)	FY2020 Q3	
14. Other	4-Change Process (instructions, checklist, policy)	FY2020 Q3	

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: All Finding Types (Program Integrity): USAC's Schools and Libraries team updates its application review procedures based on exceptions identified during audits and reviews. These procedure updates help to reduce the risk of improper payments.

All Finding Types (Outreach): USAC enhanced its outreach approach, customizing specific direction to program participants based on their Payment Quality Assurance (PQA) exceptions. Outreach includes updates to the website training materials, conducting webinar(s) focused on common findings, and communicating best practices based on the observations made during the prior year's PQA reviews. USAC provides annual training and implemented an Online Training Library to provide program participants with tools that they can access at their convenience.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
14. Other	3-Training (how to complete contracts)	FY2022	
14. Other	4-Change Process (instructions, checklist, policy)	FY2022	

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Competitive Bidding and Document Retention: The Schools and Libraries Program team is working on a project with the FCC to establish a Competitive Bidding Portal to help ensure compliance with E-Rate competitive bidding requirements. USAC received preliminary approval from the FCC to move forward with documenting high level requirements for a proposed Bidder's Portal in 2Q2020; further efforts are subject to FCC approval via rulemaking.

Lack of or Incomplete Documentation (Service Provider Lowest Corresponding Price): The Schools and Libraries Program is taking steps to remind the Service Providers about their obligations to comply with Lowest Corresponding Price requirements on an annual basis.

All Finding Types (Program Integrity): USAC's Schools and Libraries team will continue to make updates to its heightened scrutiny review procedures to reduce the risk of improper payments. To make these updates, USAC's Schools and Libraries team will use any learnings obtained from the Fund Year 2020 application review process and will update the heightened scrutiny review procedures.

All Finding Types (Improper Payment Analysis): USAC management is performing a deep-dive review of its improper payments to more thoroughly understand their root causes and to identify corrective

actions that will address the root causes. Through this analysis, USAC management is institutionalizing corrective actions as part of its program integrity efforts that will reduce future instances of improper payments.

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

ANSWER:

Indicate compliant or non-compliant	Compliance criteria
Non-Compliant	5. Publish and Meet Annual Reduction Targets

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: In FY 2019, the Inspector General's auditors concluded that the FCC did not meet its improper payment reduction target for the Schools and Libraries program. The auditors also concluded that the statistical sampling plan used for testing the Schools and Libraries Program for improper payments deviated from the proposed sampling plan the FCC originally submitted to OMB. USAC and the FCC did not agree with the conclusion that the statistical sampling plan used for testing the Schools and Libraries Program for improper payments deviated from the proposed sampling plan the FCC originally submitted to OMB.

Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
1

Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: In FY 2019, the Schools and Libraries Program improper payment rate was 6.33 percent, which exceeded the reduction target of 2.20 percent. In addition, the FY 2019 margin of error for the Schools and Libraries Program improper rate was 3.85 percent. The Inspector General's auditors concluded this margin of error was not consistent with the proposed sampling plan for the Schools and Libraries Program that the FCC originally submitted to OMB.

Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))

If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.

ANSWER:

Indicate root cause	Indicate planned corrective actions
14. Other	4-Change Process (instructions, checklist, policy)

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The following are brief descriptions of the FCC and USAC's key efforts to prevent and reduce improper payments in the USF Schools and Libraries Program:

Improper Payment Rate Sampling Plan: The FCC and USAC will work together with USAC's independent statistician to ensure the statistical sampling plan used for testing in any given year is consistent with the most recent sampling plan submitted to OMB. If the statistical sampling plan needs to change after submission to OMB, the FCC and USAC will resubmit the plan to OMB and explain the reasons for the changes.

Improper Payment Reduction Targets: The FCC and USAC will establish realistic improper payment reduction targets for the Schools and Libraries Program based on historic reduction trends.

Improper Payment Analysis: USAC management is performing a deep-dive review of its improper payments to more thoroughly understand their root causes and to identify corrective actions that will address the root causes. Through this analysis, USAC management is institutionalizing corrective actions as part of its program integrity efforts that will reduce future instances of improper payments.

Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:

- The measurable milestones to be accomplished*
- The senior executive agency official responsible*
- Establishment of an accountability mechanism*
- Incentives*
- Consequences*

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
Updates to Improper Payment Rate Sampling Plan & Reduction Targets	FY2021		Mark Stephens - Managing Director			

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC and the FCC believe the following corrective actions will bring the USF Schools and Libraries Program into compliance:

Improper Payment Rate Sampling Plan: The FCC and USAC will work together with USAC's independent statistician to ensure the statistical sampling plan used for testing in any given year is consistent with the most recent sampling plan submitted to OMB. If the statistical sampling plan needs to change after submission to OMB, the FCC and USAC will resubmit the plan to OMB and explain the reasons for the changes.

Improper Payment Reduction Targets: The FCC and USAC will establish realistic improper payment reduction targets for the Schools and Libraries Program based on historic reduction trends.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Daily	Daily

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Pursuant to the Do Not Pay (DNP) Initiative, the FCC has incorporated the use of the DNP databases and continuous monitoring into the FCC's existing business processes. Each month, the FCC generates an updated vendor file to be placed on the U.S. Treasury's server. This file is matched with the Death Master File (DMF) of the Social Security Administration List of Excluded Individuals and Entities (LEIE), Office of Foreign Assets Control (OFAC), and the System for Award Management's (SAM) Entity Registration and Exclusion Records. If any payments are stopped, the FCC will research the item and contact the vendor. Also, when there is a positive match, the FCC will tell the vendor to contact Treasury for details regarding the stopped payment. If the match is a false positive, the FCC will submit an adjudication report to

Treasury.

USAC generates an updated vendor file to be placed on the U.S. Treasury's server. This file is matched with the DMF, LEIE, OFAC, and SAM. If any payments are stopped, USAC will research the item and contact the vendor. Also, when there is a positive match, USAC will direct the vendor to contact Treasury for details regarding the stopped payment.

USF-High Cost

Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities

(where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

- Meeting applicable improper payments reduction targets;*
- Preventing improper payments from being made; and*
- Promptly detecting and recovering improper payments that are made.*

ANSWER:

Performance Appraisal Criteria
meeting applicable improper payments reduction targets
prevent improper payments from being made
promptly detect and recover improper payments that are made

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC, in conjunction with the FCC, has implemented an Improper Payment Analysis process. Through this process, USAC management performs a deep-dive review of its improper payments to more thoroughly understand the root cause and to identify corrective actions that address the root cause. This process has enabled USAC management and the Commission to institutionalize corrective actions as part of program integrity efforts, which will prevent future instances of improper payments. USAC leadership is implementing a quarterly review process to discuss progress towards executing these corrective actions.

In addition, monthly meetings are held between USAC's Audit and Assurance Division (AAD) and USAC leadership to discuss findings identified by AAD. During these meetings, corrective actions are discussed to prevent similar findings in the future. Monthly meetings are also held between USAC's AAD and the Commission. During these meetings, there may be discussion around audit findings with significant impact.

Further, USAC management has implemented an improper payment reporting process to help ensure improper payments are promptly detected and reported. USAC management is also implementing an enterprise recovery policy to standardize the reporting and recovery of improper payments.

USAC utilizes a heat map to assess risk that may prevent the successful achievement of the corporate objectives. The goal of USAC's Enterprise Risk Management (ERM) effort is to integrate risk management into USAC's operations, resulting in a continuous process of identification, assessment, response, and reporting of risk that may threaten achieving project, program, and strategic objectives. Any major risk that may impact strategic initiatives is escalated and reported to USAC's

senior leadership via risk management councils. Regularly providing managers and decision-makers with timely feedback allows leadership to make course corrections to achieve USAC's strategic objectives. The risk management council meetings provide an opportunity to analyze and respond to identified changes and related risks to maintain an effective internal control system as well as effective enterprise systems management.

Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.

ANSWER:

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	14. Other	4-Change Process (instructions, checklist, policy)

Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC and the FCC will continue to implement corrective actions and mitigation strategies to keep the High Cost improper payments below the 10% threshold.

Question 8: Tolerable Rate

Do you believe the program has reached a tolerable rate of improper payments?

ANSWER:

Indicate Yes or No
YES

Question 8 Free Text: Tolerable Rate

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The improper payment rate for High Cost has consistently been well below the 10% threshold.

Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.

ANSWER:

Indicate 'yes' or 'no'	Indicate program needs
YES	5. Other: Explain

Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The High Cost Program has the internal controls, human capital, information systems, and other infrastructure it requires to reduce IPs to the targeted levels.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
14. Other	4-Change Process (instructions, checklist, policy)	FY2020 Q3	

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: As part of its Program Integrity Efforts, USAC's High Cost Program team has taken the following program integrity corrective actions:

Please see the response to Question 14 for additional corrective actions related to improper payment testing and reporting.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

ANSWER:

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
14. Other	4-Change Process (instructions, checklist, policy)	FY2021	

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The following corrective actions will be taken by the High Cost Program:

Improper Payment Testing Procedures: The FCC and USAC are working together to determine what procedures can be added or enhanced to ensure improper payment testing procedures adequately assess the risk associated with the USF High Cost Program. To assist in this initiative, USAC management will utilize the testing results from its Beneficiary and Contributor Audit Program (BCAP) audits to identify high-risk areas in the program. The resulting improper payment procedures will then have a deeper focus on these high-risk areas and will complement USAC's other program integrity efforts.

Improper Payment Rate Sampling Plan: The FCC and USAC will work together with USAC's independent statistician to determine if there are alternative approaches that can be used to more clearly reflect the risks of improper payments in the High Cost Program, such as differentiating between Legacy and Modernized High Cost Program funds. For FY 2020, USAC's sampling plan focused on higher-risk areas of the High Cost Program.

Program Integrity Efforts: USAC's High Cost Program team is implementing a process to review and validate carrier data prior to disbursement. This review will focus on high-risk areas with a greater likelihood of improper payments. Through this review, areas of non-compliance will be identified and addressed prior to disbursement, reducing future instances of improper payments.

Improper Payment Analysis: USAC management is performing a deep-dive review of its improper payments to more thoroughly understand their root causes and to identify corrective actions that will address the root causes. Through this analysis, USAC management is institutionalizing corrective actions as part of its program integrity efforts that will reduce future instances of improper payments.

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

ANSWER:

Indicate compliant or non-compliant	Compliance criteria
Non-Compliant	1. Publish an AFR or PAR
Non-Compliant	3. Publish Improper Payment Estimates
Non-Compliant	4. Publish Programmatic Corrective Action Plans
Non-Compliant	5. Publish and Meet Annual Reduction Targets
Non-Compliant	6. Report a gross Improper Payment Rate of Less than 10%

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: In FYs 2018 and 2019, the Inspector General's auditors concluded that the program's improper payment rate did not adequately assess the improper payment risk associated with USF High Cost Program rule requirements. USAC and the FCC did not agree with this conclusion.

Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).

ANSWER:

Indicate consecutive years
2

Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: In FYs 2018 and 2019, the Inspector General's auditors concluded that the program's improper payment rate did not adequately assess the improper payment risk associated with USF High Cost Program rule requirements.

Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))

If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.

ANSWER:

Indicate root cause	Indicate planned corrective actions
14. Other	4-Change Process (instructions, checklist, policy)

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: The following is a brief description of the FCC and USAC's key efforts to prevent and reduce improper payments in the USF High Cost Program:

Improper Payment Testing Procedures: The FCC and USAC are working together to determine what procedures can be added or enhanced to ensure improper payment testing procedures adequately assess the risk associated with the USF High Cost Program. To assist in this initiative, USAC management will utilize the testing results from its Beneficiary and Contributor Audit Program (BCAP) audits to identify high-risk areas in the program. The resulting improper payment procedures will then have a deeper focus on these high-risk areas and will complement USAC's other program integrity efforts.

Improper Payment Rate Sampling Plan: The FCC and USAC will work together with USAC's independent statistician to determine if there are alternative approaches that can be used to more clearly reflect the risks of improper payments in the High Cost Program, such as differentiating between Legacy and Modernized High Cost Program funds. For FY 2020, USAC's sampling plan focused on higher-risk areas of the High Cost Program.

Program Integrity Efforts: USAC's High Cost Program team is implementing a process to review and validate carrier data prior to disbursement. This review will focus on high-risk areas with a greater likelihood of improper payments. Through this review, areas of non-compliance will be identified and addressed prior to disbursement, reducing future instances of improper payments.

As part of its Program Integrity Efforts, USAC's High Cost Program team has taken the following program integrity corrective actions:

Improper Payment Analysis: USAC management is performing a deep-dive review of its improper payments to more thoroughly understand their root causes and to identify corrective actions that will address the root causes. Through this analysis, USAC management is institutionalizing corrective actions as part of its program integrity efforts that will reduce future instances of improper payments.

Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:

- The measurable milestones to be accomplished*
- The senior executive agency official responsible*
- Establishment of an accountability mechanism*
- Incentives*
- Consequences*

ANSWER:

Measurable milestones	Target Date	If other date, please specify	Senior Executive Agency Official	Accountability Mechanism	Incentives	Consequences
The following is a brief description of the FCC and USAC's key efforts to prevent and reduce improper payments in the USF High Cost Program:	FY2021		Mark Stephens - Managing Director			

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: USAC and the FCC believe the following measurable milestone will bring the USF High Cost Program into compliance:

Improper Payment Testing Procedures: The FCC and USAC are working together to determine what procedures can be added or enhanced to ensure improper payment testing procedures adequately assess the risk associated with the USF High Cost Program. To assist in this initiative, USAC management will utilize the testing results from its Beneficiary and Contributor Audit Program (BCAP) audits to identify high-risk areas in the program. The resulting improper payment procedures will then have a deeper focus on these high-risk areas and will complement USAC's other program integrity efforts.

Improper Payment Rate Sampling Plan: The FCC and USAC will work together with USAC's independent statistician to determine if there are alternative approaches that can be used to more clearly reflect the risks of improper payments in the High Cost Program, such as differentiating between Legacy and Modernized High Cost Program funds. For FY 2020, USAC's sampling plan focused on higher-risk areas of the High Cost Program.

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Daily	Daily

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

ANSWER: Pursuant to the Do Not Pay (DNP) Initiative, the FCC has incorporated the use of the DNP databases and continuous monitoring into the FCC's existing business processes. Each month, the FCC generates an updated vendor file to be placed on the U.S. Treasury's server. This file is matched with the Death Master File (DMF) of the Social Security Administration List of Excluded Individuals and Entities (LEIE), Office of Foreign Assets Control (OFAC), and the System for Award Management's (SAM) Entity Registration and Exclusion Records. If any payments are stopped, the FCC will research the item and contact the vendor. Also, when there is a positive match, the FCC will tell the vendor to contact Treasury for details regarding the stopped payment. If the match is a false positive, the FCC will submit an adjudication report to

Treasury.

USAC generates an updated vendor file to be placed on the U.S. Treasury's server. This file is matched with the DMF, LEIE, OFAC, and SAM. If any payments are stopped, USAC will research the item and contact the vendor. Also, when there is a positive match, USAC will direct the vendor to contact Treasury for details regarding the stopped payment.