



# Rural eConnectivity Pilot Program (ReConnect Program)—Award Process

## Audit Report 09601-0001-23

We determined whether RUS awarded ReConnect Program funding to eligible projects and accurately used the evaluation criteria to score and rank applications.

### OBJECTIVE

Our objectives were to determine if: (1) RUS awarded ReConnect Program funding to eligible applicants and projects, and (2) the evaluation criteria were accurately used to score and rank applications when awarding funds.

### REVIEWED

We interviewed RUS officials; reviewed Round 1, Round 2, and CARES Act applications and supporting documents; reviewed the relevant funding opportunity announcements; evaluated the ReConnect Program application system; and reviewed relevant ReConnect Program guidance.

### RECOMMENDS

RUS should: (1) implement a process to test mapping software to ensure that the software programming error found does not exist in new systems; and (2) review and confirm the percentage of households without access to broadband was within the eligibility parameters for approved applications in ReConnect Program Round 1, Round 2, and the CARES Act to ensure that only eligible projects received ReConnect Program funding.

### WHAT OIG FOUND

The Consolidated Appropriations Act of 2018 (the Act) established the Rural Utilities Service (RUS) Rural eConnectivity Pilot Program (ReConnect Program). The purpose of the ReConnect Program is to encourage the expansion of broadband services to rural areas that lack sufficient broadband access by awarding grants and low-interest loans to eligible broadband service providers. The Act initially provided the program \$600 million for grants, loans, and grant/loan combinations. Subsequent annual appropriations in 2019 provided an additional \$1.1 billion in ReConnect Program funding. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided an additional \$100 million for ReConnect Program grants.

During our review of submitted ReConnect Program applications, we did not identify any issues with RUS' scoring of program applications. Furthermore, RUS did not utilize the scoring and ranking attribute when awarding program funds as sufficient appropriations to fund all approved applications were available.

However, we found that RUS' mapping tool had a systemic programming error that caused the number of households without sufficient access to broadband to be overstated for some applications. Specifically, when an applicant adjusted or redrew their Proposed Funded Service Area (PFSA), the programming error allowed multiple underserved areas to be drawn on top of each other and allowed the system to count households without sufficient access to broadband more than once. As a result, we question two approved applications, valued at more than \$17.8 million, in which the number of households without sufficient access to broadband in a PFSA was larger than the total number of households in the PFSA.

RUS officials agreed with our findings and recommendations, and we accepted management decision on all two recommendations.





## OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



**DATE:** July 28, 2023

**AUDIT  
NUMBER:** 09601-0001-23

**TO:** **Andrew Berke**  
Administrator  
Rural Utilities Service

**ATTN:** **Angilla Denton**  
Chief Risk Officer  
Rural Development

**FROM:** **Janet Sorensen**  
Assistant Inspector General for Audit

**SUBJECT:** Rural eConnectivity Pilot Program (Reconnect Program)—Award Process

This report presents the results of the subject review. Your written response to the official draft is included in its entirety at the end of the report. We have incorporated excerpts from your response, and the Office of Inspector General's position, into the relevant sections of the report. Based on your written response, we are accepting management decision for the two audit recommendations in the report, and no further response to this office is necessary.

In accordance with Departmental Regulation 1720-1, final action needs to be taken within 1 year of each management decision to prevent being listed in the Department's annual Agency Financial Report. Please follow your internal agency procedures in forwarding final action correspondence to Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions. This report contains publicly available information and will be posted in its entirety to our website (<https://usdaoig.oversight.gov>) in the near future.



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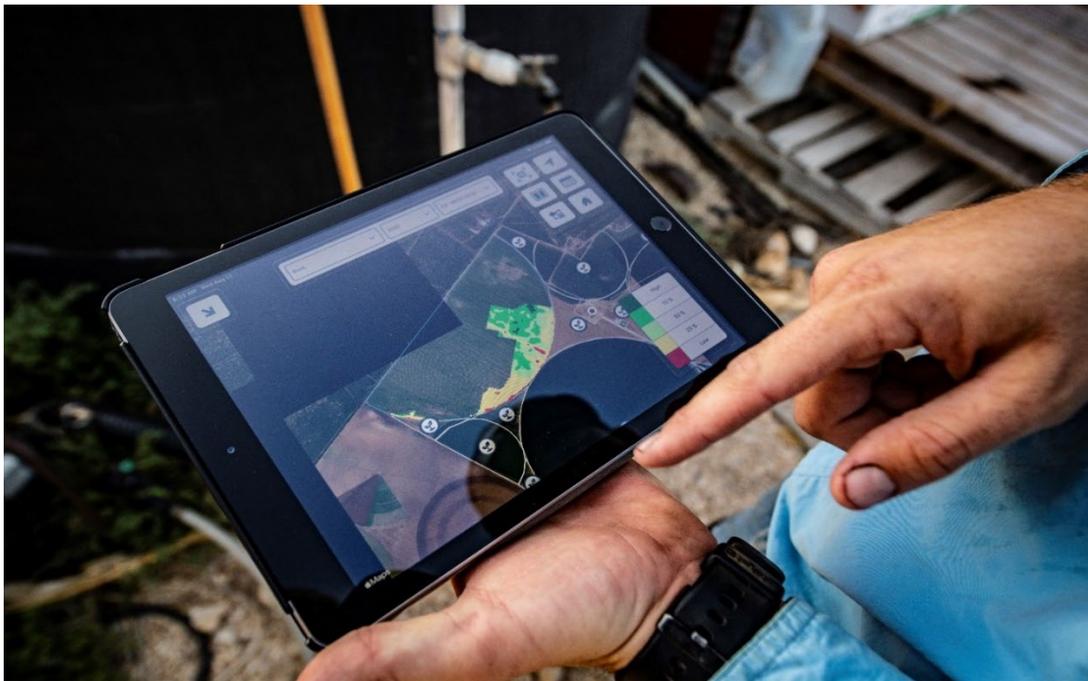


## Background and Objectives

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### Background

The Consolidated Appropriation Act of 2018 (the Act)<sup>1</sup> established the Rural Utilities Service (RUS) broadband<sup>2</sup> loan and grant Rural eConnectivity Pilot Program (hereinafter, the ReConnect Program).<sup>3</sup> The purpose of the ReConnect Program is to encourage the expansion of broadband services to rural areas that lack sufficient<sup>4</sup> broadband access by awarding grants and low-interest loans to eligible broadband service providers. The program was designed to provide broadband service with speeds of at least 25 megabits per second (Mbps) downstream and 3 Mbps upstream to rural areas with insufficient broadband service. In facilitating the expansion of broadband services and infrastructure, the ReConnect Program was intended to fuel long-term rural economic development and opportunities in rural America, such as precision agriculture (see Photo 1 below).



**Photo 1: Farmer using internet for precision agriculture while working on the farm. Photo by Lance Cheung from United States Department of Agriculture (USDA) Flickr. It does not depict any particular audit or investigation.**

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<sup>1</sup> Consolidated Appropriations Act, 2018, Pub. L. 115-141, 132 Stat. 399, § 779 (2018).

<sup>2</sup> According to the Federal Communications Commission, “broadband” commonly refers to high-speed internet access that is always on and faster than the traditional dial-up access. Broadband includes several high-speed transmission technologies, such as digital subscriber line, cable modem, fiber, wireless, and broadband over power lines.

<sup>3</sup> In February 2021, RUS officially established the ReConnect Program (effective date April 27, 2021). Rural Utilities Service, 7 C.F.R. § 1740, Rural eConnectivity Program, USDA. Final rule; request for comments. 86 Fed. Reg. 11,603 (Feb. 26, 2021).

<sup>4</sup> The Act defined a “rural area without sufficient access to broadband” as one having less than 10 Mbps downstream and 1 Mbps upstream.

The Act initially provided the program with \$600 million for grants, loans, and combinations of grants and loans. Subsequent annual appropriations provided an additional \$1.1 billion in ReConnect Program funding,<sup>5</sup> and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided an additional \$100 million for ReConnect Program grants.<sup>6, 7</sup>

During the pilot stage of the ReConnect Program, RUS announced funding in two separate Funding Opportunity Announcements (FOA) in the *Federal Register*: one for Round 1 and one for Round 2.<sup>8</sup> In the Round 1 FOA,<sup>9</sup> the program required 100 percent of households in a service area to have insufficient broadband service for a project to receive grant funding. In the Round 2 FOA,<sup>10</sup> the program eligibility requirement changed so that 90 percent of the households had to have insufficient broadband service for a project to receive grant funding. During both rounds, 90 percent of all households in a service area had to lack access to sufficient broadband service for the project to receive a loan or loan/grant combination.

There are various requirements for ReConnect Program funding. Eligible entities include States, local governments, or any agency, subdivision, instrumentality, or political subdivision thereof; a territory or possession of the United States; an Indian tribe; non-profit entities; for-profit corporations; limited liability companies; and cooperative or mutual organizations. Eligible entities have to provide audited financial statements, as well as proof that the project is financially and technically feasible and does not cover a previously funded area, among other requirements. ReConnect Program funds may be used for improvements to and construction for buildings and land that are required to provide broadband service.<sup>11</sup>

RUS published a Public Notice Filing (PNF)<sup>12</sup> for every ReConnect Program application it received. RUS used the PNFs to notify potential competitors in the Proposed Funded Service Area (PFSA) that RUS had received an application for Government funding. These potential

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<sup>5</sup> Consolidated Appropriations Act, 2019, Pub. L. 116-6, § 762 (2019) and Further Consolidated Appropriations Act, 2020 Pub. L. 116-94 § 787 (2019).

<sup>6</sup> CARES Act, Pub. L. 116-136, 134 Stat. 510, 11004 (2020).

<sup>7</sup> In 2021, the Infrastructure Investment and Jobs Act (IIJA) allocated more than \$1.9 billion in funding to the ReConnect Program. We did not review the allocated ReConnect Program funds from IIJA as the funds were outside our scope. We make no representation that our finding in this report reflects awards made with IIJA funds.

<sup>8</sup> An FOA is a publicly available document in which a Federal agency makes known its intentions to award discretionary award funds, usually as a result of competition for funds. FOAs may be program announcements, requests for applications, notices of funding availability, solicitations, or other identifiers depending on the agency and type of program, and each FOA will outline the program goals and objectives.

<sup>9</sup> *Rural Utilities Service Broadband Pilot Program, Funding Opportunity Announcement (FOA) and solicitation of applications*. 83 Fed. Reg. 64,315 (Dec. 14, 2018).

<sup>10</sup> *Rural Utilities Service, Department of Agriculture. Funding Opportunity Announcement (FOA) and solicitation of applications for second round of the ReConnect Program*. 84 Fed. Reg. 67,913 (Dec. 12, 2019).

<sup>11</sup> Program funds can also be used to fund land-based facilities for satellite broadband service.

<sup>12</sup> The PNF notifies existing providers of a request for government funding to provide broadband internet service in a particular area. USDA publishes a PNF for each application received, and the PNFs are published on the ReConnect Program website for 45 calendar days. Notifications are provided to those who sign up to be alerted of new PNFs.

competitors then had the opportunity to respond, in the form of a Public Notice Response (PNR),<sup>13</sup> to inform RUS if sufficient broadband access was already available in the PFSA.

According to RUS officials, in order to expedite the application review process, RUS contracted with two companies to review ReConnect Program applications. One contractor conducted a two-level review process to determine whether the proposal had the necessary network capabilities to provide the required service. The second contractor conducted outreach and service area validation (SAV) reviews to ensure PFSAs lacked sufficient broadband access. (See Figure 1: RUS ReConnect Program Review flowchart.)

**Level one (L1):** The L1 review verified that all correct documents have been uploaded, and that the application is eligible. An application that successfully passes the L1 review moves on to the L2 review.

**Level two (L2):** The L2 review was composed of four different review components: SAV technical, environmental, and financial. Upon completion of these component reviews, a recommendation of approval or rejection was made.

**SAV Review:** The second contractor conducted SAV reviews. This contractor performed the SAVs concurrently with the L2 review. The SAV review consisted of two components: a desk review and field research. A reviewer used the PNRs to complete a desk review<sup>14</sup> to identify any potential competitors in the PFSA. After the desk review, a second reviewer conducted the field research.<sup>15</sup> The desk and field reviewers provided a summary of the application, including any known issues, and made recommendations to approve or reject the application. Ultimately, a RUS official made the final approval/rejection decision.

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<sup>13</sup> The PNR is the existing service providers' means to respond to a PNF, and/or to provide information on broadband internet service that is already provided in a particular area. PNR respondents reply with the types of service provided (e.g., fiber, hybrid, fixed wireless) and the highest level of upload/download speeds offered.

<sup>14</sup> The desk review assesses the sufficiency of available broadband service within PFSAs.

<sup>15</sup> The field research is performed via in-field observations, interviews, and validation of information obtained during the desk review.

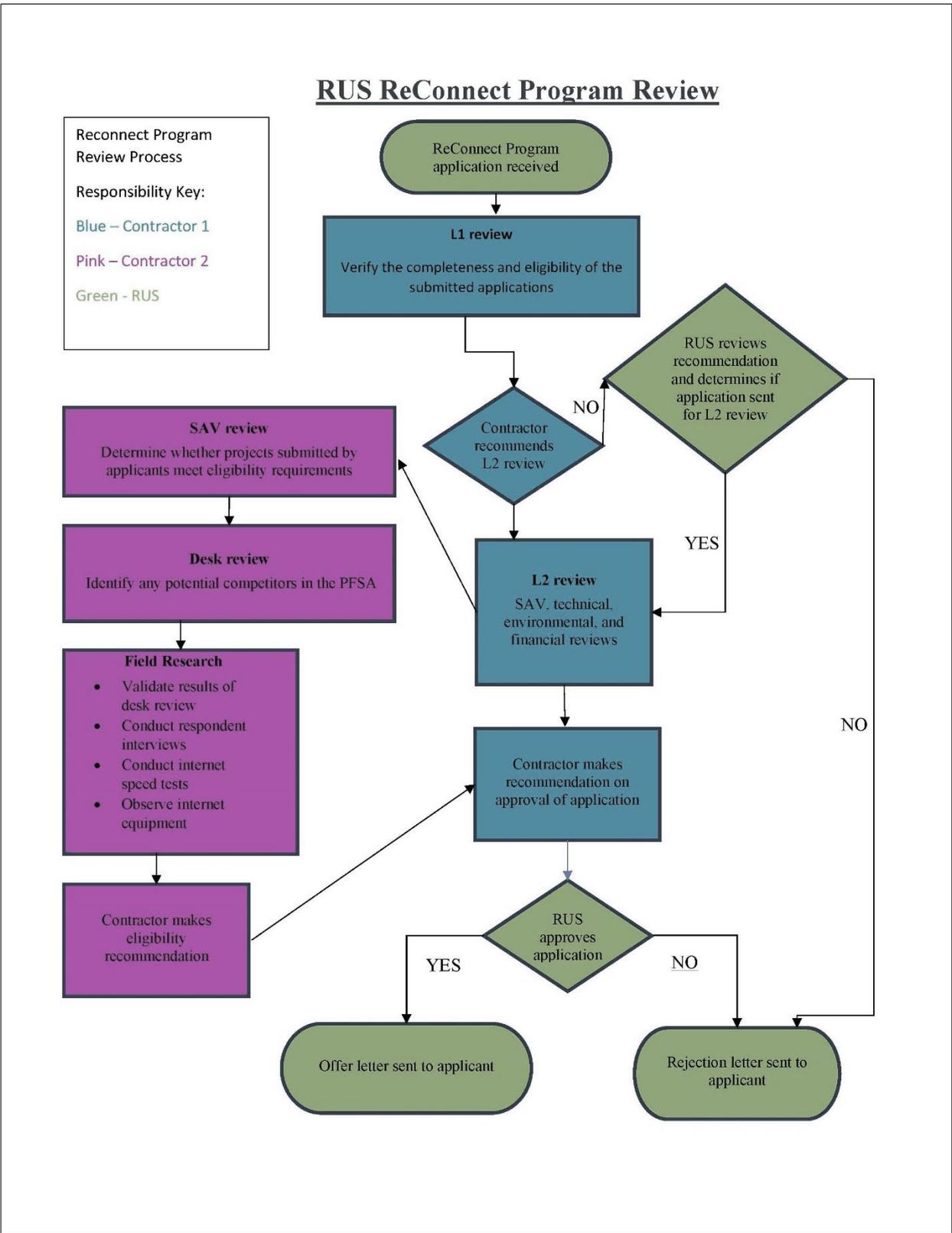
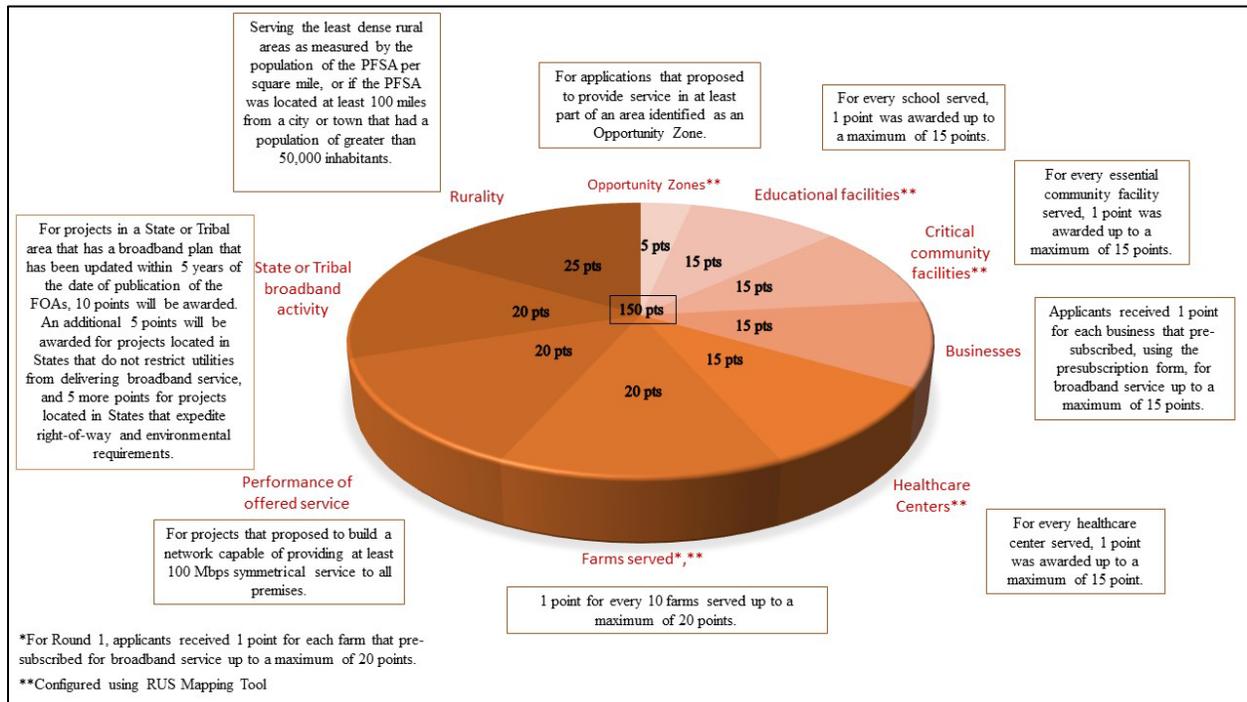


Figure 1: RUS ReConnect Program application review process.

As part of the L1 review, RUS scored and planned to rank applications for approval, if sufficient appropriations to fund all approved applications were unavailable, based on nine criteria.<sup>16</sup> Five of the criteria were automatically determined by the Geographic Information System’s layers in the RUS mapping tool.<sup>17</sup> The other four criteria were reviewed during the application review process. Each application was eligible for a maximum value of 150 points.

### RUS ReConnect Program Round 1, Round 2, and CARES Act Applications Scoring Criteria



**Figure 2: RUS ReConnect Program Application Scoring Criteria**

## Objectives

Our objectives were to determine if: (1) RUS awarded ReConnect Program funding to eligible applicants and projects, and (2) the evaluation criteria were accurately used to score and rank applications when awarding funds.

During our review of submitted ReConnect Program applications, we did not identify any issues with RUS’ scoring of program applications. Furthermore, RUS did not use the scoring and ranking attribute when awarding program funds as sufficient appropriations to fund all approved applications were available.

<sup>16</sup> According to RUS officials, RUS was able to fund all approved projects without having to use the scores.

<sup>17</sup> Applicants were required to use the mapping tool when completing their application.

## **Finding 1: RUS Needs to Improve Its Controls that Determine Eligibility Related to Sufficient Broadband Access**

Mapping software<sup>18</sup> required to be used by all 307 applicants in our universe had a systemic programming error that allowed multiple underserved service areas to be drawn on top of each other, thereby counting households without sufficient broadband access multiple times. Although RUS was aware of this systemic error within the eligibility mapping tool, applicants were required to use the tool to complete applications. As a result, we question two approved applications, valued at more than \$17.8 million, in which the number of households without sufficient access to broadband in a PFSA was larger than the total number of households in the PFSA. Due to the uncertainty in the number of households without access to sufficient broadband, we do not have the evidence to support whether these applications were ineligible; however, we are questioning whether sufficient access to broadband may have existed at the time of the application.

RUS used the FOAs as the guiding criteria for the pilot stage of the ReConnect Program. The FOAs for ReConnect Program Round 1, Round 2, and the CARES Act required that PFSAs had at least 90 percent of all households without sufficient access to broadband to be eligible.<sup>19</sup> Additionally, agency guidance requires RUS to conduct SAVs to determine whether the PFSAs requested by applicants met the eligibility requirements described in the FOA and to validate existing service, regardless of the availability of data and underlying characteristics for each service area in all applications.<sup>20</sup>

We reviewed the ReConnect Program application review guide and determined both the L1 and L2 review processes included a final supervisory review step that identified issues missed by the initial reviewers. RUS initiated a fully automated application process that allowed for the submission of applications in an electronic format. As part of RUS' review process, RUS, or the appropriate contractors, evaluated the environmental, financial, and technical feasibility of the proposed project. We did not identify any applications that RUS incorrectly rejected or any areas of concern with the supervisory review process, or evaluation of the environmental, financial, and technical feasibility of the projects in our sample.

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<sup>18</sup> As per statute, the FOAs require the applicant to use the RUS mapping tool to draw the PFSA. *Rural Utilities Service Broadband Pilot Program, Funding Opportunity Announcement (FOA) and solicitation of applications*. 83 Fed. Reg. 64,315 (Dec. 14, 2018), *Rural Utilities Service, United States Department of Agriculture. Funding Opportunity Announcement (FOA) and solicitation of applications for second round of the ReConnect Program*. 84 Fed. Reg. 67,913 (Dec. 12, 2019), *Rural Utilities Service Broadband Pilot (ReConnect) Program, United States Department of Agriculture, Notification*. 85 Fed. Reg. 20,240 (Apr. 10, 2020).

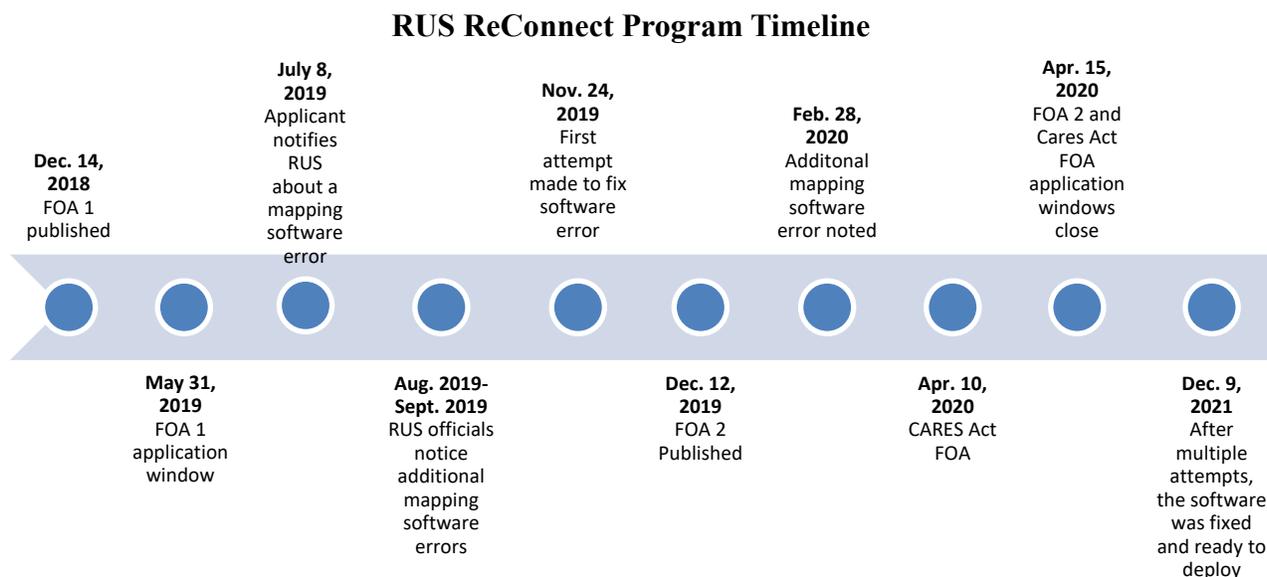
<sup>19</sup> *Rural Utilities Service Broadband Pilot Program, Funding Opportunity Announcement (FOA) and solicitation of applications*. 83 Fed. Reg. 64,315 (Dec. 14, 2018), *Rural Utilities Service, United States Department of Agriculture. Funding Opportunity Announcement (FOA) and solicitation of applications for second round of the ReConnect Program*. 84 Fed. Reg. 67,913 (Dec. 12, 2019), *Rural Utilities Service Broadband Pilot (ReConnect) Program, United States Department of Agriculture. Notification*. 85 Fed. Reg. 20,240 (Apr. 10, 2020).

<sup>20</sup> ReConnect Program Review Guide for Fiscal Year 2019 and ReConnect Program Review Guide for Fiscal Year 2020. USDA ReConnect Program, Service Area Validation Execution Guide August 2019, USDA ReConnect Program, fiscal year 2020 Funding Opportunity Announcement (FOA) Service Area Validation Execution Guide.

## Mapping Error

In our review of 29 of 307 applications submitted, we found an anomaly in the submitted applications that made us question the number of households in the PFSA without sufficient access to broadband. Specifically, we found five<sup>21</sup> applications in which the number of households without sufficient access to broadband in a PFSA was larger than the total number of households in that PFSA. Two of these applications were approved by RUS for more than \$17.8 million in Round 2 and CARES Act funds combined. RUS officials stated this anomaly was caused by an error in the mapping software, which applicants were required to use in the application process. Specifically, when an applicant adjusted or redrew their PFSA, this error allowed multiple underserved service areas to be drawn on top of each other.

RUS became aware of the error in the mapping software in July 2019. While RUS made multiple attempts to correct this initial issue, RUS was unable to identify a solution until December 2021 (see Figure 3). This solution prevented an applicant from saving PFSA's with more than 100 percent of households with insufficient access to broadband internet service.



**Figure 3: RUS ReConnect Program Timeline of Events**

We asked RUS if it had analyzed the potential effect of the software error on applications with PFSA's containing between 90 and 100 percent of eligible households without sufficient access to broadband internet service. A RUS official stated that the agency conducted no additional analysis on applications that had PFSA's in which between 90 and 100 percent of households lacked sufficient broadband access. During our audit, RUS officials stated they were unable to

<sup>21</sup> RUS designated two of these five applications for potential use of CARES Act funds. At the time of our audit fieldwork, neither RUS nor the Office of Inspector General (OIG) could determine if the applications' PFSA's did not have sufficient access to broadband. The remaining three applications were not approved for reasons other than the PFSA's' not having sufficient access to broadband.

obtain the historical data needed to verify eligibility; therefore, we are recommending that RUS conduct an analysis of the applicants to confirm eligibility.

Additionally, we evaluated 18 SAV reports for approved applications within our sample and concluded that the SAV field reviewer used the mapping tool (specifically, the households count from the application) as the basis for determining the sufficiency of broadband access. For 9 out of the 18 approved applications, the SAV field reviewer made no reference as to whether these household counts were accurate for most of the PFSA.<sup>22</sup> Therefore, the SAV process also relied on potentially inaccurate household counts.

Overall, we determined RUS needs to ensure adequate controls, including software testing, are implemented throughout the approval process so that all projects meet the broadband sufficiency requirement for households in the PFSA.<sup>23</sup> We question two approved applications, valued at more than \$17.8 million, in which the number of households without sufficient access to broadband service in a PFSA was larger than the total number of households in the PFSA. Due to the uncertainty in the number of households without access to sufficient broadband, we do not have the evidence to support these applications as ineligible. However, we are questioning whether sufficient access to broadband may have existed at the time of application. To ensure future funding is only awarded to eligible applicants, RUS needs to implement a process to test any new or updated software used in the ReConnect Program. While we are not recommending recovery of these funds, RUS needs to review and confirm that the percentage of households without access to broadband was within the eligibility parameters for approved applications in ReConnect Program Round 1, Round 2, and the CARES Act.

As of April 2022, RUS had already taken action to address the software error and provided us a walkthrough of the updated mapping software used for ReConnect Program Round 3 and IJA funds. We did not identify any potential issues during the walkthrough process, but we did not conduct any further testing.

## **Recommendation 1**

Implement a process to test any new or updated mapping software to ensure that a mapping software programming error does not exist in new systems.

### **Agency Response**

In its July 10, 2023, response, RUS stated it agreed with this recommendation and will review the testing process for new information technology development and implement specific test scripts that will be run whenever a mapping software change occurs. The agency has already taken steps to address this item and will work to expedite the close-out of this

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<sup>22</sup> For eight of the applications, the reviewer used the reported household count. For one application, the reviewer used the reported household count for 25 of the 80 PFSA and made no reference as to how the household count was determined for an additional 29 of the 80 PFSA.

<sup>23</sup> The program was designed to provide broadband service with speeds of at least 25 Mbps downstream and 3 Mbps upstream to rural areas that did not have broadband services of at least 10 Mbps downstream and 1 Mbps upstream.

recommendation. RUS provided an estimated completion date of September 30, 2023, for this action.

**OIG Position**

We accept management decision for this recommendation.

**Recommendation 2**

Review and confirm that the percentage of households without access to broadband was within the eligibility parameters for approved applications in ReConnect Program Round 1, Round 2, and the CARES Act, to ensure that only eligible projects received ReConnect Program funding.

**Agency Response**

In its July 10, 2023, response, RUS stated it agreed with this recommendation and will complete an analysis of the percentage of households without access to broadband to demonstrate that eligibility parameters were satisfied for all approved projects. The agency has already taken steps to address this item and will work to expedite the close-out of this recommendation. RUS provided an estimated completion date of September 30, 2023, for this action.

**OIG Position**

We accept management decision for this recommendation.

## Scope and Methodology

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We conducted our fieldwork remotely from March 2021 through December 2022. The scope of our audit was Rural eConnectivity (ReConnect Program) applications submitted for fiscal year 2018 to December 31, 2020.

Our universe consisted of 165 approved Round 1 and Round 2 applications and 142 rejected Round 1 and Round 2 applications, for a total of 307 applications. RUS designated the use of CARES Act funding for 11 Round 2 applications.<sup>24</sup> We reviewed 29 applications, composed of the 11 CARES Act-funded applications, and another 18 statistically selected applications processed under the Round 1 and Round 2 ReConnect Program FOAs. Due to the programming error identified during our application reviews, we did not use a statistical projection.

To accomplish our objectives, we performed the following actions:

- Interviewed ReConnect Program officials to obtain information regarding the application review and approval process;
- Reviewed Round 1, Round 2, and CARES Act applications to determine if eligibility requirements were met;
- Reviewed applications' supporting documents;
- Reviewed documentation to ensure the applicants had an active registration in the System for Awards Management at the time of their ReConnect Program application submission;
- Reviewed the FOAs associated with Round 1, Round 2, and CARES Act ReConnect Program funding to determine the eligibility requirements;<sup>25</sup>
- Evaluated the ReConnect Program application system;
- Reviewed SAV ReConnect Program reports to confirm validation of existing service within PFSAs; and
- Reviewed RUS ReConnect Program guidance (there were no regulations available as this was a pilot program).

During the course of our audit, we gained an understanding of the existence, usage, and impact of the information system used by RUS. We interviewed an agency official regarding the information system. We assessed the reliability of information system data by comparing the statistical sample of Round 1, Round 2, and CARES Act ReConnect Program supporting documentation against data in the information system to ensure the data we relied on were complete and accurate. In addition, we consulted RUS officials and reviewed documentation supporting the applications we took exception to in order to confirm the accuracy of our data.

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<sup>24</sup> This universe is as of March 25, 2021.

<sup>25</sup> *Rural Utilities Service Broadband Pilot Program, Funding Opportunity Announcement (FOA) and solicitation of applications*. 83 Fed. Reg. 64,315 (Dec. 14, 2018); *Rural Utilities Service, Department of Agriculture. Funding Opportunity Announcement (FOA) and solicitation of applications for second round of the ReConnect Program*. 84 Fed. Reg. 67,913 (Dec. 12, 2019); and *Rural Utilities Service Broadband Pilot (ReConnect) Program, USDA. Notification*. 85 Fed. Reg. 20,240 (Apr. 10, 2020).

We assessed internal controls significant to the audit objectives. In particular, we assessed:

<b>Component</b>	<b>Principle</b>
Control Activities	Management should design the entity's information system and related control activities to achieve objectives and respond to risks
Control Environment	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives
Risk Assessment	Management should identify, analyze, and respond to risks related to achieving the defined objectives
Risk Assessment	Management should consider the potential for fraud when identifying, analyzing, and responding to risks
Monitoring	Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results
Control Activities	Management should design control activities to achieve objectives and respond to risks
Information and Communication	Management should use quality information to achieve the entity's objectives
Monitoring	Management should remediate identified internal control deficiencies on a timely basis

Because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Abbreviations

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CARES Act.....	Coronavirus Aid, Relief, and Economic Security Act
C.F.R.....	Code of Federal Regulations
FOA.....	Funding Opportunity Announcement
IIJA .....	Infrastructure Investment and Jobs Act
Mbps .....	megabits per second
OIG .....	Office of Inspector General
PFSA .....	Proposed Funded Service Area
PNF .....	Public Notice Filing
PNR.....	Public Notice Response
RUS.....	Rural Utilities Service
SAV.....	Service Area Validation
USDA.....	United States Department of Agriculture

## **Exhibit A: Summary of Monetary Results**

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Exhibit A summarizes the monetary results for our audit report by finding and recommendation number.

<b>Finding</b>	<b>Recommendation</b>	<b>Description</b>	<b>Amount</b>	<b>Category</b>
1	2	RUS needs to review applications to ensure all projects meet the broadband sufficiency requirement.	\$17,827,302	Questioned Costs, No Recovery
<b>Total</b>			\$17,827,302	

## Exhibit B: Sampling Methodology and Projections

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### Objective

The objectives of this audit are to determine if: (1) Rural Utilities Service (RUS) awarded Rural E-Connectivity Pilot Program (ReConnect Program) funding to eligible applicants and projects, and (2) the evaluation criteria were accurately used to score and rank applications when awarding funds.

### Audit Universe

The audit universe comprises the 307 ReConnect Program applications for grants and/or loans received as of December 31, 2020. There were two “rounds,” and RUS designated 11 of those in the second round as the CARES Act applications, as shown in the following table:

ReConnect Program Applications	Round 1	Round 2		Total
	non-CARES	non-CARES	CARES	
Approved	77	79	9	165
Rejected	61	79	2	142
Total	138	158	11	307

### Sample Design

For each application selected to be in the sample, we determined if RUS’s approval or rejection was in accordance with published FOAs. This sample was used to estimate the count and proportion of exceptions in the universe of 307 applications.

The universe of 307 applications contained:

- 11 CARES Act applications, and
- 296 non-CARES Act applications.

We reviewed all 11 CARES Act applications, which will comprise a “certainty stratum.” From 296 non-CARES Act applications, we randomly selected, without replacement, 56 based on:

- A universe size of  $307 = 296$  subject to sampling + 11 in “certainty stratum.”
- The intention to report 90-percent, two-tailed confidence intervals (CIs) no wider than 20 percent of the universe size.
- An assumed exception rate of 50 percent in the non-CARES Act stratum, since the closer to 50 percent the wider the CI for a given sample size (or alternatively, the larger the sample needed to achieve a given precision). We assumed this rate of 50 percent since there was no pilot data suggesting otherwise.

## **Results**

After completing the review of 29 applications in the sample, the audit team discovered a systemic programming error within the eligibility mapping tool which caused incorrect counts of households without sufficient access to broadband. Five of the applications reviewed included the number of households without sufficient access to broadband in a PFSA which was larger than the total number of households in the PFSA. Two of these five applications were approved by RUS, causing us to question more than \$17.8 million approved for these two applications. This error cast uncertainty on other applications in our audit universe and sample. As a result, OIG decided not to continue reviewing the remaining applications in the sample and forego projecting the results to the audit universe. Instead, the report focuses on the findings identified from the potential non-compliance and questioned costs resulting from the two approved applications that were audited.



**Rural Utilities Service's  
Response to Audit Report**



**Rural Development**

Rural Utilities Service

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**SUBJECT:** OIG Audit Official Draft: Rural E-Connectivity Pilot Program  
(Reconnect Program) - Award Process – Audit Number – 09601-0001-23

**TO:** Janet Sorensen  
Assistant Inspector General for Audits  
Office of Inspector General

**FROM:** Andrew Berke  
Administrator  
Rural Utilities Service

**ANDREW  
BERKE**

Digitally signed by  
ANDREW BERKE  
Date: 2023.07.10  
10:11:37 -04'00'

Thank you for the opportunity to comment on OIG’s recent audit of the Rural Utilities Service’s (RUS) ReConnect Program. RUS appreciates the Inspector General’s input to ensure that ReConnect meets the statutory and regulatory missions and that RUS has established controls over the ReConnect Award process.

The Agency is pleased that OIG did not identify any issues with RUS’ scoring of program applications. The Agency agrees with OIG that an RUS application tool for mapping had a programming error that caused the number of households without sufficient access to broadband to be incorrectly shown in the online application system for certain applications. The Agency further agrees with the findings contained in Exhibit A of this report which identified 2 projects totaling \$17,827,302 with this issue. Specifically, when an applicant adjusted or redrew their Proposed Funded Service Area (PFSA) in a manner that was not provided in the application guide, the programming error allowed multiple underserved areas to be drawn on top of each other and allowed the system to count households inaccurately, sometimes more, sometimes less.

**Finding 1: RUS Needs to Improve Its Eligibility Controls Related to Sufficient Broadband Access**

***Recommendation 1***

*Implement a process to test any new or updated mapping software to ensure that a mapping software programming error does not exist in new systems.*

**Corrective Action Plan:**

The Agency will review the testing process for new IT development and implement specific test scripts that will be run whenever a mapping software change occurs. Estimated completion date – September 30, 2023. The agency has already taken steps to address this item and will work to expedite the close-out of this recommendation.

**Recommendation 2**

*Review and confirm the percentage of households without access to broadband was within the eligibility parameters for approved applications in ReConnect Program Round 1, Round 2, and the CARES Act, to ensure that only eligible projects received ReConnect Program funding.*

**Corrective Action Plan:** The Agency will complete an analysis of the percentage of households without access to broadband to demonstrate that eligibility parameters were satisfied for all approved projects. Estimated completion date of testing the next software upgrade is September 30, 2023. The agency has already taken steps to address this item and will work to expedite the close-out of this recommendation.

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