



U.S. Department of Agriculture Office of Inspector General



Rural Utilities Service's Distance Learning and Telemedicine

Audit Report 09601-0001-24

OIG reviewed RUS' award selection process for the Distance Learning and Telemedicine program in FY 2020 and FY 2021.

OBJECTIVE

Our objective was to determine whether RUS awarded DLT program funds in accordance with laws and regulations.

WHAT OIG FOUND

The Rural Utilities Service (RUS) Distance Learning and Telemedicine (DLT) program helps rural communities acquire the technology and training necessary to improve education and healthcare in rural areas. The 1990 Farm Bill established the DLT program and requires RUS to establish procedures to prioritize financial assistance. The regulations for administering the DLT program are found in 7 Code of Federal Regulations (C.F.R.) §1734 and include scoring and evaluation criteria to award funds in rank order.

REVIEWED

We reviewed applicable laws and regulations, funding opportunity announcements, RUS' guidance, and other supporting documentation. We also interviewed RUS officials responsible for administering the DLT program.

We determined that RUS' process for awarding fiscal year (FY) 2020 and FY 2021 DLT program funds provided reasonable assurance that the awards were made in compliance with applicable laws and regulations. For FY 2020, RUS awarded 203 DLT grants totaling more than \$114 million. For FY 2021, RUS awarded 110 DLT grants totaling more than \$52.3 million.

We did not identify any issues that would warrant recommendations; therefore, we are not making any recommendations in this report.

RECOMMENDS

We are not making any recommendations in this report.



OFFICE OF INSPECTOR GENERAL

United States Department of Agriculture



DATE: January 29, 2024

**AUDIT
NUMBER:** 09601-0001-24

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

ATTN: **Terence McGhee**
Acting Chief Risk Officer
Rural Development

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

SUBJECT: Rural Utilities Service's Distance Learning and Telemedicine

This report presents the results of the subject review. We are not making any recommendations in this report. No further action by your staff is required.

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

Background

The mission of the United States Department of Agriculture's Rural Utilities Service (RUS) is to enhance the quality of life and improve economic opportunity in rural communities by providing financing for the basic infrastructure of modern life. RUS' Telecommunications Program improves the quality of life in rural America by providing funding for the deployment of rural telecommunications infrastructure. Within the Telecommunications Program, RUS administers the Distance Learning and Telemedicine (DLT) program.

The 1990 Farm Bill¹ established the DLT program and was codified in 7 United States Code (U.S.C.) §950aaa. According to the 1990 Farm Bill, the purpose of the DLT program is to encourage and improve telemedicine² services and distance learning³ services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents. The DLT program targets rural areas with populations of 20,000 or less. Eligible applicants are those that provide education or health care services through telecommunications facilities.

Numerous laws and regulations establish provisions for grants. Specifically, we focused on whether RUS awarded DLT program funds in accordance with the applicable laws and regulations that apply to the prioritization of funding to meet the purpose of the DLT program.

The 1990 Farm Bill requires RUS to establish procedures to prioritize financial assistance. The Agriculture Improvement Act of 2018⁴ (2018 Farm Bill) directed the Secretary to prioritize telemedicine projects that provide substance use disorder treatment services. Federal regulations for administering the DLT program are outlined in 7 Code of Federal Regulations (C.F.R.) §1734. This regulation provides more specificity on how award decisions will be made in accordance with the law. For example, the regulation establishes requirements for the applicant's grant documentation, the required grant scoring criteria, and provisions for selecting grant recipients. Additionally, uniform administrative requirements for Federal awards are outlined in 2 C.F.R. 200 and require the agency to select award recipients based on merit review.

The grant process begins when RUS publishes a funding opportunity announcement (FOA). The FOA provides information about the program, available funding, application submission instructions, application review and scoring criteria, and other information. RUS opened three

¹ Food, Agriculture, Conservation, and Trade Act of 1990, Pub. L. No. 101-624, 104 Stat. 3359 (1990 Farm Bill) (codified at 7 U.S.C. § 950aaa).

² Telemedicine means a telecommunications link to an end user through the use of eligible equipment which electronically links medical professionals at separate sites in order to exchange health care information in audio, video, graphic, or other format for the purpose of providing improved health care services primarily to residents of rural areas.

³ Distance learning means a telecommunications link to an end user through the use of eligible equipment to provide educational programs, instruction, or information originating in one area, whether rural or not, to students and teachers who are located in rural areas.

⁴ Agriculture Improvement Act of 2018, Pub. L. No. 115-334, 132 Stat. 4490 (2018 Farm Bill).

application windows to announce the acceptance of applications and award fiscal year (FY) 2020 and FY 2021 DLT program funds. The application windows and grants awarded for each period are outlined in Figure 1 below. During FY 2020 and FY 2021 RUS awarded more than \$166.4 million to 313 grant applicants for the DLT program.

1	Opened: February 10, 2020
	Closed: April 10, 2020
	Applications Awarded: 117 Total Amount: More than \$71.8 million
2	Opened: April 14, 2020
	Closed: July 13, 2020
	Applications Awarded: 86 Total Amount: More than \$42.2 million
3	Opened: April 5, 2021
	Closed: June 4, 2021
	Applications Awarded: 110 Total Amount: More than \$52.3 million

Figure 1: RUS DLT program application windows and grants awarded during FY 2020 and FY 2021.

Objective

Our objective was to determine whether RUS awarded DLT program funds in accordance with laws and regulations.

In relation to our objective, we determined that the processes used by RUS for awarding DLT program funds provided reasonable assurance that the awards were made in compliance with applicable laws and regulations. Of the awards reviewed, we did not identify any reportable issues that indicated DLT program funds awarded in FY 2020 and FY 2021 were not in compliance with those laws and regulations.

Section 1: RUS Compliance with Laws and Regulations

We determined that RUS' process for awarding DLT program funds provided reasonable assurance that the awards were made in compliance with applicable laws and regulations.

As previously mentioned, the grant process begins when RUS announces available funding through a FOA. We reviewed the FOAs RUS published during FY 2020 and FY 2021. We found that RUS appropriately included specific details in the FOAs on how applicants would be assessed and selected. These criteria include rurality, economic need, special considerations, and service need and benefit.

After the application window closes, RUS completes an eligibility and completeness review of each application. Complete applications are necessary for RUS to fully evaluate the funding decisions as the information requested influences the scoring and ranking and ultimately award decisions for these applications. For example, a complete application package includes scoring criteria documents that provide information about the location(s) of the project and the population served, the need and benefit for the project, and any special considerations. We evaluated the control document RUS used to consolidate the application information and determined that it included areas of consideration related to the published criteria.

After the solicitation and application review process, RUS evaluates and scores eligible applications. We reviewed RUS' control document to determine whether its review was performed in accordance with the criteria established in 7 C.F.R. §1734. We also requested source documentation that RUS used to review and document its scoring assessment of eligible applications to further confirm these criteria were evaluated. Specifically, we reviewed an application package and its associated scoring sheets for this confirmation. Figure 2 below depicts the scoring criteria and information RUS used to evaluate DLT program applications.

	Maximum Points	Evaluated Information
 Rurality	40 Points (20 minimum required)	Census data for population size of each community where an end user site is located
+		
 Economic Need	30 Points	U.S. Census Bureau's Small Area Income and Poverty Estimates program data for county poverty percentage of end user sites
+		
 Special Considerations	10 Points	Opioid/Substance Use Disorder Science, Technology, Engineering, and Math Opportunity Zone
+		
 Service Need & Benefit	30 Points (10 each)	Extent to which proposed project meets the need for distance learning or telemedicine services in rural areas Benefits derived from the services proposed Local community involvement in planning, implementing, and financial assistance of the project
= Total Applicant Score (110 points maximum)		

Figure 2: Scoring categories, points available, and information evaluated to determine points to assess for DLT applications.

After scores are calculated, applications are then awarded generally in rank order through a nationally competitive process, and decision notices are sent to applicants. We evaluated the RUS' control document to determine if award decisions were made based on rank order of the scores. While we identified applicants that were awarded DLT program funds that scored lower than other applicants, RUS officials attributed this to funding for the specified purposes of addressing the opioid epidemic and substance use disorder treatment services, a priority established in the 2018 Farm Bill. As a result, we determined that generally, RUS awarded applications in rank order.

Scope and Methodology

The scope of our audit included DLT grant funding awarded in FY 2020 and FY 2021. During this period, RUS awarded more than \$166.4 million to 313 grant applicants for the DLT program. We conducted our fieldwork remotely between January 2023 and January 2024. RUS management agreed with our audit conclusions and did not have any comments.

To accomplish our audit objective, we:

- identified the laws and regulations that are applicable to our audit, such as the 1990 Farm Bill and 7 C.F.R. Part 1734;
- reviewed applicable Federal regulations such as 7 C.F.R. Part 1734, Distance Learning and Telemedicine Loan and Grant Programs, and 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, in order to gain sufficient knowledge to evaluate RUS' DLT grant award process;
- reviewed RUS' grant guidance to identify the internal controls it had in place to ensure it complied with Federal grant and program requirements;
- interviewed RUS officials responsible for administering the DLT program;
- reviewed available grant selection documentation, including the FOAs, application guides, application package supporting documentation, application scoring sheets, and award lists to determine if RUS complied with the applicable regulations mentioned above throughout the grant award process;
- reviewed RUS' application review eligibility process to determine compliance with the applicable laws and regulations described above; and
- reviewed RUS' application review merit process to determine compliance with the applicable regulations described above.

We assessed internal controls significant to our audit objectives, including controls defined in the United States Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*.⁵ Specifically, we evaluated one of GAO's internal control components and two underlying principles as listed below:

Component	Principle
Control Activities	Management should implement control activities through policies.
Control Activities	Management should design control activities to achieve objectives and respond to risks.

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

We did not solely rely on or verify information in any agency information system. We also make no representation regarding the adequacy of any agency computer system, or the information

⁵ GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Sept. 2014).

generated from it, because evaluating the effectiveness of information systems or information technology controls was not one of the audit's objectives. We obtained the universe of DLT applications selected for award during FY 2020 and FY 2021 from RUS' website. We reviewed information from the spreadsheets RUS used to manage the application review and scoring process as well as information we retrieved from its award management system to corroborate the universe of awards.

We conducted this performance 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

C.F.R.	Code of Federal Regulations
DLT	Distance Learning and Telemedicine
FOA	Funding Opportunity Announcement
FY	fiscal year
GAO	Government Accountability Office
OIG	Office of Inspector General
RUS	Rural Utilities Service
U.S.C.	United States Code

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