Why GAO Did This Study

RUS provides loans and grants to help finance the construction of broadband infrastructure in rural America. GAO was asked to review RUS’s management of its programs to fund broadband deployment, including consistency with leading practices for federal funding, program management, and broadband deployment.

This report examines the extent to which RUS’s procedures and activities are consistent with leading practices and how, if at all, its management practices could be improved. GAO synthesized, from federal guidance and relevant literature, a set of 10 leading practices that would be appropriate for the management of broadband loan and grant programs. GAO validated its set of practices with states that have programs similar to the RUS programs. GAO then reviewed RUS documentation and interviewed RUS officials and six program recipients, selected for having geographically dispersed projects currently under construction. Based on this information, GAO determined whether RUS’s procedures and activities were consistent, partially consistent, or not consistent with each leading practice.

What GAO Found

The Rural Utilities Service (RUS), an agency within the United States Department of Agriculture (USDA), has procedures and activities that are consistent with four leading practices and partially consistent with six leading practices in managing two loan programs and one grant program aimed at funding broadband infrastructure projects in rural communities.

- **Consistent with Leading Practices:** With regard to reviewing applications, RUS has procedures for training reviewers, guarding against conflicts of interest, and conducting multiple levels of review. For external training and external communication, RUS holds workshops and seminars to inform rural communities and applicants about its programs. RUS’s website contains program information, including eligibility criteria, time frames, and frequently asked questions. Applicants can also seek assistance from the RUS general field representative (GFR) assigned to their area. Program recipients whom GAO interviewed often spoke positively of the help provided by GFRs. As to coordination mechanisms, RUS has worked with other federal agencies on rural broadband-deployment efforts, including having a memorandum of understanding with the Federal Communications Commission.

- **Partially Consistent with Leading Practices:** While USDA has a high-level goal and a performance metric for measuring the benefits to rural communities of the broadband loans and grants, RUS has not developed specific program-level goals or performance measures for its individual programs. Without specific measurable goals for each loan and grant program, RUS will have difficulty determining how well the programs are performing. Regarding risk assessment, RUS conducts a variety of risk assessment activities at the loan and grant application and project level, but has not conducted a risk assessment at the program level. A higher-level, programmatic risk assessment would provide a holistic look at the programs’ core processes and internal controls. For broadband programs, another leading practice is establishing mapping systems that can provide program data and reveal areas that lack service. RUS has mapping tools and systems in place, but does not have complete mapping information. RUS has efforts under way to improve its mapping data going forward. These efforts should increase RUS’s understanding of broadband coverage and help RUS begin to identify possible unserved areas for outreach. For project monitoring, RUS currently oversees loan and grant recipients’ projects through GFR site visits, progress reports, and audits. However, RUS does not evaluate its grant projects post-completion and is therefore missing information that could be used to improve the selection of grant recipients or the results of grant awards. RUS has established an organizational structure that supports internal communication, but does not have a centralized system to monitor loan and grant data. RUS officials said USDA is working toward such a system, but they did not have established deliverables or time frames. RUS generally has external written documentation for recipients, but internal written documentation is often outdated, affecting RUS’s ability to share knowledge among its staff and retain institutional knowledge.

What GAO Recommends

GAO recommends that RUS develop program performance goals and measures, conduct program risk assessments, evaluate completed grant projects, establish a timeline for implementing a centralized internal data system, and update written policies and procedures for RUS staff. USDA agreed with the recommendations.

View GAO-17-301. For more information, contact Mark Goldstein at (202) 512-2834 or goldsteinm@gao.gov.