California Public Utilities Commission

FY 2022-2023 California Advanced Services Fund Program Fiscal Audit Report

Report Date: October 8, 2025

Issued Date: December 22, 2025

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California Public Utilities Commission

FY 2022-2023 California Advanced Services Fund Fiscal Audit Report

Report Date: October 8, 2025

Summary

Weaver and Tidwell, L.L.P. (Weaver), was engaged by the California Public Utilities Commission (CPUC) to conduct a fiscal audit of the CPUC's California Advanced Services Fund (CASF) Program for the period of July 1, 2021 through June 30, 2023. This entailed an evaluation of the CPUC's internal controls related to the oversight and management of the CASF Program's recorded and reported information; a review of fund recipients' internal controls; and an analysis of revenues and expenditures. Additionally, we conducted a review of compliance with applicable reporting requirements and assessed the accuracy, reliability, appropriateness, and allowability of the CASF Program's financial information.

Our audit determined that:

- CPUC maintained adequate internal control over processes related to the oversight and management of the CASF Program to ensure the reliability of recorded and reported information.
- CASF Program recipients' internal controls have an opportunity for improvement to help ensure compliance with program requirements. Of the five recipients tested across each of the main program accounts, four demonstrated opportunities to enhance their grant-related internal controls, and one recipient of the four tested did not provide sufficient documentation to enable sufficient evaluation of its internal control framework. Each of the four grantees that would benefit from internal control improvement is associated with a different CASF program account: Infrastructure, Consortia, Public Housing, and Tribal Technical Assistance.
- CASF Program revenues and expenditures were appropriate, allowable, and properly and accurately recorded.

Background

CASF Program History

The CPUC implemented the CASF Program on December 20, 2007, when it adopted Decision (D.) 07-12-054, in accordance with Public Utilities Code (PUC) section 701. The CPUC allocated $100 million to the program, funded by a 0.25% surcharge on revenues collected from end-users for intrastate telecommunications services, effective January 1, 2008[1]. CASF Program grants support projects that provide and advance broadband access to unserved and underserved areas of California.

The CPUC adopted the CASF Program application requirements, timelines, and scoring criteria for parties to qualify for broadband project funding in Resolution T-17143, issued on June 12, 2008[2]. The CASF Program was given a program sunset date of January 1, 2013, and codified in PUC section 281.

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[1] Decision 07-12-054

[2] Resolution T-17143

Since 2008, the CASF Program has been expanded numerous times by enacted statutes and CPUC decisions.[3] As of December 31, 2023, the following bills have shaped and expanded the CASF Program:

- Senate Bill (SB) 1040[4] (Chapter 317, Statutes of 2010) extended the program sunset date to June 30, 2016; authorized the CPUC to collect an additional $125 million from telecommunication ratepayers; and created three subaccounts within the CASF: the Broadband Infrastructure Grant Account (Infrastructure Account), the Broadband Infrastructure Revolving Loan Account (Infrastructure Loan Account), and the Rural and Urban Regional Broadband Consortia Grant Account (Consortia Account).

- SB 740[5] (Chapter 522, Statutes of 2013) added an additional $90 million to the Infrastructure Account, increasing total CASF Program funding to $315 million.

- Assembly Bill (AB) 1299 [6](Chapter 507, Statutes of 2013) established the Broadband Public Housing Account (Public Housing Account), which was funded by reallocating $20 million from the Infrastructure Account and $5 million from the Infrastructure Loan Account. Pursuant to AB 1299, any remaining funds not awarded from the Public Housing Account by December 31, 2016, would be returned to the original funding accounts, proportionally.

- AB 1665[7] (Chapter 851, Statutes of 2017) eliminated the Broadband Infrastructure and Revolving Loan Account as of January 1, 2018, and directed that funds remaining in that account be transferred to the Infrastructure Account; extended the Infrastructure Account to include funding to households for line extension with the aggregate amount of grants awarded not to exceed $5 million (thus creating the Line Extension Program); created the Broadband Adoption Account (Adoption Account); and allocated $300 million to the Infrastructure Account, $10 million to the Consortia Account, and $20 million to the Adoption Account. The additional $330 million of funding is to be collected beginning January 1, 2018 and continuing through the 2022 calendar year.

- SB 156[8] (Chapter 112, Statutes of 2021) amended PUC sections 281, 912.2, and 914.7 and added section 281.2 in order to revise the CASF Program. Specifically, the goal of providing broadband access to no less than 98% of California households by no later than December 31, 2032, was moved from the CASF Program to the Infrastructure Account. SB 156 also implemented the first year of a three-year $6 billion investment in broadband; and created the Federal Funding Account. This bill also required the CPUC, on or before April 1, 2023, and biennially thereafter, to conduct a fiscal and performance audit of the CASF.

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[3] The structure and language of this report intentionally mirror those of previous fiscal audit reports to maintain continuity and consistency over time. [CASF Fiscal Audit Report for the period of July 1, 2018, through June 30, 2021]
[4] California Senate Bill 1040
[5] California Senate Bill 740
[6] CASF Broadband Public Housing Account Background and History
[7] AB 1665, (Chapter 851, Statutes of 2017), Chaptered Text
[8] SB 156, (Chapter 112, Statutes of 2021) Chaptered Text

- SB 4[9] (Chapter 671, Statutes of 2021) amended PUC section 281, extending the goal of the Infrastructure Account to approve funding for infrastructure projects that will provide broadband access to no less than 98% of California households by no later than December 31, 2032, rather than December 31, 2026. The bill also authorized the CPUC, through imposition of a surcharge, to collect up to $150 million per year.

- SB 156[10] (Chapter 112, Statutes of 2021) – Continued enactment of the $6 billion multi-year broadband investment program authorized in SB 156 (2021), including establishment of the Federal Funding Account and alignment of CASF Infrastructure Account priorities with federal broadband programs.

- State Budget Act of 2022 Broadband Provisions[11] (AB 154: Budget Act of 2022) – Incorporated CASF-related appropriations and directed coordination of state broadband investments with middle-mile and last-mile infrastructure initiatives, reinforcing SB 156's statutory framework.

- State Budget Act of 2023 Broadband Provisions[12] (AB 102: Budget Act of 2023) – Maintained and refined CASF and Federal Funding Account appropriations, with legislative intent to synchronize state funding timelines with Broadband, Equity, Access, and Deployment (BEAD) program implementation.

- Assembly Bill 286 of 2023 (AB 286, Chapter 645, 2023)[13] – Amended section 281.6 of the PUC mandating the CPUC to maintain and update a statewide, publicly accessible, interactive broadband map. The map must show broadband availability and speeds, include features for self-reported data, the ability to refute provider claims, and data must be publicly available by address.

CASF Accounts and Programs

Pursuant to PUC section 281(c), five accounts were created within the CPUC's California Advanced Services Fund and the additional account, Tribal Technical Assistance, was created under Decision (D.) 22-02-026[14] [15]. Additionally, the CPUC's Communications Division oversees the Broadband Mapping Program and collects broadband data from providers. The accounts and the program have the following purposes:

- **Infrastructure Account:** Provides grants to build or upgrade broadband infrastructure in areas that are unserved by existing broadband providers.

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9 California Senate Bill 4
10 California Senate Bill 156
11 California Assembly Bill 154: Budget Act of 2022
12 California Assembly Bill 102: Budget Act of 2023
13 California Assembly Bill 286
14 CPUC Decision (D.) 22-02-026
15 The TTA program was revised in (D.) 24-03-041.

  - Households and property owners that would otherwise not be able to afford line extensions to their properties can apply for grants from the **Line Extension Program (LEP)**, which is funded by the Infrastructure Account. LEP was adopted in CASF D.19-04-022, and provides grants to individual low-income households or property owners to offset the costs of connecting to an existing or proposed facility-based broadband provider.

- **Consortia Account:** Provides grants to regional consortia (typically a group of several contiguous counties) that are used to facilitate the deployment of broadband infrastructure by assisting infrastructure grant applicants in the project development or grant application process.
- **Public Housing Account:** Provides grants and loans to low-income communities (including, but not limited to, publicly supported housing developments and other housing developments or mobile home parks with low-income residents, as determined by the CPUC) to build broadband networks offering free broadband service to these communities.
- **Adoption Account:** Provides grants that are used to provide digital literacy education to communities with limited broadband adoption and free broadband access to community training rooms or other public spaces.[16]
- **Tribal Technical Assistance:** Provides grants to California tribes and tribal consortia to pursue improved voice and broadband communications. Grants are available for, but not limited to, market studies, feasibility studies, business plans, grant writing, and consultant services.
- **Broadband Mapping Program:** Collects annual broadband availability data and displays it on the California Interactive Broadband Map, allowing residents to view service providers and broadband speeds in their area. The map also identifies funding eligibility for CASF Infrastructure Account applicants by showing existing broadband coverage and provides data to inform public policies aimed at closing the digital divide in California.

CASF Program Administration

CPUC's Communications Division performs administrative duties related to the CASF Program, including, but not limited to:

- Reviewing CASF Program grant applications and recommending approval. Several CPUC decisions assign Communications Division staff members the task of approving applications that meet certain criteria for expedited review;
- Reviewing grantee progress and completion reports, and approving grantee payment requests;
- Monitoring the Telecommunications and User Fee Filing System (TUFFS) for electronic reporting and remittance of surcharges and user fees due to the CPUC from telecommunications corporations and Voice over Internet Protocol providers; and

[16] Federal Funding Account has the same auditing requirement. It is detailed in statute, but this audit focuses only on CASF.

- Processing and validating broadband data collected from California's service providers; providing expertise related to Geographic Information System mapping for the California Interactive Broadband Map; and managing related consultant contracts.

As the lead agency for the California Environmental Quality Act (CEQA), the Infrastructure Planning and CEQA Section of the CPUC's Energy Division conducts environmental reviews for construction of broadband networks in accordance with CEQA.

The Accounting Office of the CPUC's Administrative Services Division is responsible for receiving and disbursing funds, reconciling surcharges recorded in TUFFS with remittances, and maintaining financial records in FI$Cal in accordance with the State Administrative Manual.

CASF Reporting

California's PUC section 912.2 requires the CPUC to conduct biennial fiscal and performance audits of the California Advanced Services Fund (CASF). The reports must also include an update to the maps in the California Broadband Task Force's final report, data on the types and numbers of jobs created as a result of the CASF Program, and information specified in PUC section 914.7.

The CPUC's annual reports on the California Advanced Services Fund provide the required update to the maps in the California Broadband Task Force's final report; and other information required by PUC section 914.7, including expenditures, fund recipients, expected benefits, the status of approved projects, broadband adoption levels, efforts to leverage non-California Advanced Services Fund moneys, the California Advanced Services Fund balance, and the projected amount to be collected annually to fund approved projects. All CASF Program reports, including reports on fiscal and performance audits, are made available on the CPUC's website.

The CPUC issued the 2022 California Advanced Services Fund Annual Report in April 2023 and the 2023 Annual Report in April 2024 (Attachment A and B). The 2022 Annual Report covers the period of January 2022 through December 2022, and the 2023 Annual Report covers the period of January 2023 – December 2023.

Objectives, Scope, and Methodology

Our fiscal audit objectives included the performance of the following:[17]

1. Internal Controls Analysis
    a. Determine whether the Fiscal Office, Communication's Division (CD), and CASF fund recipients' internal controls were adequate to ensure the reliability of recorded and reported information.
2. CASF Revenue Analysis
    a. Determine whether the Fiscal Office properly records and reported CASF program revenue.

[17] CPUC-Weaver Agreement (Number 24NS0016)

   b. Determine adequacy of CD and Fiscal Office oversight over CASF reporting and remittances.
3. CASF Expenditure Analysis
   a. Determine whether the Fiscal Office properly recorded and reported CASF program expenditures.
   b. Determine the adequacy of CD management and oversight over CASF expenditures.
   c. Determine adequacy of CASF fund recipients' management and oversight over CASF project/consortium expenditures.
4. Determine whether disbursements from the CASF were in compliance with PUC, 281, other state laws and Commission directives, including payment requests to grantees receiving funding from each account.

The fiscal audit period was July 1, 2021, through June 30, 2023.

To achieve our audit objectives, we performed the following procedures:

- We judgmentally selected five CASF grant recipients (LCB Communications, Get Connected!, Central Coast Broadband Consortium (CCBC), Las Palmas Housing, and Bishop Paiute Tribe) from the population of 198 grantees and obtained an understanding of each entity's internal controls. For each account, we selected the grant award with the highest dollar amount for testing. We evaluated whether these controls were appropriately designed and implemented to ensure the reliability of recorded and reported information related to the recipients' operations and activities under the CASF Program. For one of the selected grant recipients under the Public Housing Account, we were unable to complete the evaluation due to insufficient documentation being provided by the recipient.
- We gained an understanding of and evaluated the CPUC's CD and the Fiscal Office's internal controls over operations and activities related to the CASF Program in relation to program rules as well as grant program best practices.
- Upon gaining an understanding of the CD and the Fiscal Office's internal controls over CASF Program revenue, we performed the following tests to determine whether the Communications Division and the Accounting Office properly recorded and reported revenue, and whether the total CASF Program revenue amounts for the audit period were accurate:
    - We reconciled the revenue data from the annual reports to FI$Cal[18] records.
    - We obtained supporting documentation for Investment Income, totaling $8,438,296, and Other Revenue, totaling $10,907.
    - We traced bank statements and bank deposit reports from the State Treasurer's Office, totaling $121,969,265, to FI$Cal records.
- Upon gaining an understanding of the CD and the Fiscal Office's management and oversight of CASF Program expenditures, we performed the following tests to determine whether the CD and the Fiscal Office properly recorded and reported CASF Program expenditures, and whether total CASF Program expenditure amounts for the audit period were accurate:

[18] FI$Cal operates the statewide financial system to enable California to perform budgeting, procurement, cash management and accounting functions transparently and efficiently.

  - We reconciled the expenditure data from annual reports to FI$Cal records.
  - We reconciled the CD's Master Payment Voucher Log to the schedules of grant fund expenditures in the CPUC's annual reports.
  - We traced grantee invoices, totaling $16,213,571, to the general ledger.
  - We judgmentally selected a sample of State Operations expenditures, totaling $642,701, based on the size of the transaction for each account in the CASF.
  - We traced expenses from State Operations of Other State Agencies to the Department of Finance Pro Rata Library.
- We determined whether disbursements from the California Advanced Services Fund were in compliance with PUC section 281 and any other applicable laws, rules, regulations, and CPUC policies and procedures.
- We assessed prior audit findings to determine whether any items were repeated in the current period.

This report is accompanied by the 5th Interim Performance Audit Report. The procedures did not include an audit of CPUC's financial statements, however the audit did include the performance of detailed reviews and testing of financial records related to the CASF revenue, expenditures, and internal controls to determine whether transactions were properly recorded, reported, and managed in compliance with the PUC section 281, state laws, and Commission directives. We targeted our audit scope to planning and performing audit procedures necessary to achieve our audit objectives per the fiscal audit objectives in Agreement Number 24NS0016. Our consideration of internal control was targeted to gaining an understanding of the transaction flows and financial management system, and determining the auditing procedures that were appropriate under the circumstances for the purpose of providing a conclusion based on our audit objectives.

We conducted this fiscal 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.[19]

Results

Based on the evaluation of program rules and grant program best practices, our audit determined the following:

1. **Internal Controls Analysis**
   a. Of the five CASF fund recipients tested, four demonstrated opportunities to strengthen their grant-related internal controls to further ensure the reliability of recorded and reported information. For one recipient, Las Palmas, we were unable to evaluate the adequacy of internal controls due to the lack of documentation provided.

[19] CASF Fiscal Audit Report for the period of July 1, 2018, through June 30, 2021: Iterative language from CASF 4th Interim Fiscal Report (Issued September 2023)

2. **CASF Revenue Analysis**
   a. The Fiscal Office properly recorded and reported CASF program revenue.
   b. The CD and Fiscal Office maintained adequate oversight over CASF reporting and remittances.
3. **CASF Expenditure Analysis**
   a. The Fiscal Office properly recorded and reported CASF program expenditures.
   b. CD management and oversight over CASF expenditures were found to be adequate and effective.
   c. CASF fund recipients demonstrated sufficient management and oversight over project and consortium expenditures, supporting the integrity of program spending.

Observations & Recommendations

Through our evaluation of the CASF program, we identified a total of **one** observation.

The issue noted in this report is classified as an Observation, which reflect process improvement opportunities of lesser severity and are considered process improvement areas to ensure continued compliance and achievement of program objectives, Findings, which represent areas of noncompliance or significant programmatic performance issues necessitating corrective action were not identified in this audit; however, its definition is provided below for context.

- **Finding:** The fiscal audit areas identified are considered to be instances of CPUC's or their grantees' noncompliance with documented CPUC policies and procedures, State rules and regulations required by law, or areas where there is a lack of procedures or internal controls to mitigate risks to CPUC. These issues may also include significant performance deficiencies affecting program effectiveness or operational outcomes. These issues may pose elevated risks that fall outside CPUC's acceptable risk threshold, potentially impacting financial, operational, performance processes, or resulting in compliance implications.
- **Observation:** The fiscal audit areas identified are not considered to be instances of CPUC's or their grantees' non-compliance with documented CPUC policies and procedures, State rules and regulations required by law. These are considered to be minor to moderate process improvement observations and the intent for the recommendation of the observation is to strengthen CPUC's current policies, processes, procedures, or internal controls in place to cover risks to CPUC. These issues could potentially result in significant financial, operational processes, or compliance implications in the future.

Observation 01 – Opportunities to Strengthen Internal Control Practices

As part of our assessment of grantee internal controls over grant administration, we evaluated whether grantees of CPUC-administered programs maintained adequate internal controls to ensure the reliability of recorded and reported information.

CASF rules require grantees to retain invoices and other supporting documentation for three years following final payment and to acknowledge that such records are subject to audit as a condition of the grant. Specifically, we performed an internal control "test of one" for five grantees across five CASF accounts, including:

Account	Grantee	Project	Amount	Grant Year
Infrastructure	LCB Communications	Aromas San Juan Project	$ 29,482,766.00	2023
Adoption	Get Connected!	Call Center	$ 4,311,200.00	2023
Consortia	Central Coast Broadband Consortium (CCBC)	Connected Central Coast Phase IV	$ 1,000,000.00	2022
Public Housing	Las Palmas Housing	Tres Lagos Apartments I	$ 214,411.00	2023
Tribal Tech	Bishop Paiute Tribe	Organizational and Legal Models for Tribal Broadband Operations	$ 149,200.00	2022

Our evaluation identified opportunities for improvement in **four** of the **five** grantees tested. The observed areas of improvement primarily related to the absence of the grantees' documented internal control processes, inadequate documentation of account setup approvals, and lack of formal policies governing grant management practices. While these conditions do not constitute noncompliance with specific statutory requirements, they may limit management's ability to ensure consistent oversight, accountability, and reliability in financial reporting for CASF-funded projects.

Infrastructure Account – LCB Communications

Our review of LCB Communication's internal control structure identified opportunities to strengthen fiscal oversight and policy documentation related to grant code approval, document retention, and grant management practices. While these conditions do not represent noncompliance with specific statutory or contractual requirements, they indicate areas where internal controls could be better formalized to support consistent and reliable grant administration.:

- Grant Code Setup Approval: We were unable to verify that LCB Communications' grant code setup within the accounting system was reviewed and approved by management due to lack of audit trail or supporting documentation identifying reviewers. Although management stated that a review process exists, the lack of verifiable documentation limits reliability that the control is functioning as intended.
- Document Retention Policies and Procedures: LCB Communications does not maintain written policies or procedures for document retention. The absence of formal retention guidance increases the risk of incomplete or inconsistent recordkeeping and limits the ability to demonstrate compliance with grant requirements.
- Grant Management Policies and Procedures: LCB Communications does not have formalized policies and procedures for grant management, including those specific to the CASF program. The absence of documented policies and standardized procedures increases the risk of inconsistent grant administration practices, particularly in areas such as financial recordkeeping. Without clear written guidance, internal control execution becomes dependent on individual staff knowledge and judgment, which heightens vulnerability to errors, control lapses, and noncompliance, especially in the event of staff turnover or changes in program personnel.

Adoption Account – Get Connected! – Call Center Project

No control gaps were identified during our review of the Adoption – Get Connected! – Call Center Project. The project demonstrated adequate documentation and internal controls to support the reliability of reported information.

Consortia Account – Central Coast Broadband Consortium (CCBC)

CCBC's internal control structure shows opportunities for improvement in the formalization of policies and procedures for document retention and grant administration.

- Document Retention Policies and Procedures: CCBC does not maintain written policies or procedures for document retention. As with other recipients reviewed, the absence of formal retention guidance increases the risk of incomplete or inconsistent recordkeeping and limits the ability to demonstrate compliance with grant requirements.
- Policies and Procedures: CCBC does not have formalized policies and procedures for grant management, including those specific to the CASF program. As with other recipients reviewed, the absence of formalized grant management or CASF-specific policies and procedures limits the consistency and reliability of internal control application across grant activities.

Public Housing Account – Las Palmas Housing

Las Palmas Housing was unresponsive to document requests related to grant account setup, reconciliation procedures, and internal control documentation. As of the date of this report, numerous requested materials have not been received. Due to the lack of sufficient support documentation, we were unable to verify whether Las Palmas Housing has established appropriate internal controls or approval processes for CASF-funded projects.

Tribal Technical Assistance Account – Bishop Paiute Tribe

Bishop Paiute Tribe's internal control structure shows an opportunity for improvement in regards to their grant code approval:

- Grant Code Setup Approval: We were unable to verify that the grant code setup within the accounting system was reviewed and approved by management due to no audit trail or supporting documentation identifying reviewers was provided. Although management stated that a review process exists, the lack of verifiable documentation limits reliability that the control is functioning as intended.

Overall, the results of our procedures and review indicates that inconsistent implementation of key internal controls by grantees, such as documentation of approval processes and document retention practices may limit the ability of CPUC to ensure consistent and compliant grant administration across CASF-funded programs. Furthermore, the absence of formalized, written policies and procedures mechanisms can increase the risk of reporting errors, inadequate accountability, and noncompliance with program requirements.

Recommendation

To enhance the integrity and accountability of CASF grant administration, we recommend that the CPUC consider implementing additional expectations for grantee internal control documentation and fiscal oversight practices.

While CPUC does not currently prescribe internal control requirements for grantees, particularly those with unique governance structures, such as sovereign Tribal governments, the Commission has authority under PUC section 281 and related CASF program resolutions to ensure the appropriate use of funds and to ensure that disbursements are properly supported and reported.

Accordingly, CPUC could consider strengthening program oversight and monitoring for continued compliance by encouraging or requesting that all current and prospective grantees develop, implement, and maintain written policies and procedures that clearly define roles and responsibilities and address key elements of fiscal and administrative control, such as:

- Grant account setup and approval processes;
- Project accounting and expenditure tracking;
- Periodic reconciliations of grant expenditures;
- Document retention and audit trail maintenance; and
- CASF-specific grant management and reporting procedures.

The CPUC could also consider implementing a verification or guidance mechanism, such as requiring submission of internal control documentation during the application or monitoring process, developing standardized templates outlining minimum expectations for fiscal controls, or offering technical assistance and training to strengthen grantee capacity and compliance.

These steps can improve consistency, promote transparency, and strengthen oversight across the CASF accounts and their respective grantees, thereby ensuring proper stewardship of state resources and enhancing the reliability of recorded and reported information in compliance with CASF program requirements.

California Public Utilities Commission's Response to Audit Report

Please refer to Appendix B for CPUC's response to the audit report.

Appendix A
Review of Prior Audit Findings

Review of Audit Findings from January 2019 – December 2021

The following prior audit findings were not found to have reoccurred during the FY 2022-2023 Fiscal Audit, except for the finding related to grantee internal controls.

Finding from January 2019 – December 2021	Not Reoccurring	Reoccurring
The CPUC did not verify that the surcharge revenues reported by carriers, or subsequent adjustments made to those reported revenues, were accurate (Finding 1).	✓	
The CPUC did not maintain adequate documentation to support revenue and expenditure data in Annual Reports, and did not have well-established, step-by-step procedures for the compilation of annual reports (Finding 2).	✓	
The CPUC complied with reporting requirements per applicable laws, rules, regulations, and CPUC policies and procedures, and the reported CASF Program information was complete and accurate, except for the following variances and errors: • Revenues were overstated by a net total of $76,748 (Findings 2 and 3); and • Expenditures were overstated by a net total of $6,846 (Findings 2 and 4).	✓	
Except for the following errors, CASF Program revenues and expenditures were appropriate, allowable, and properly and accurately recorded: • A total of $86,312 in surcharge revenues was applied to incorrect public-purpose program accounts (Finding 3); • A total of $9,100 in expenditures was inappropriately allocated to the CASF Program (Finding 4); and • A total of $168,161 in questionable expenditures was allocated to the CASF Program (Finding 4).	✓	
CASF Program grant recipients, except for one Consortium grant recipient, maintained adequate internal control over processes related to managing grant funds to ensure the reliability of recorded and reported information (Finding 5).	✓	

Appendix B
California Public Utilities Commission's Response to Audit Report

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
505 VAN NESS AVENUE | SAN FRANCISCO, CALIFORNIA 94102
300 CAPITOL MALL | SACRAMENTO, CALIFORNIA 95814

January 29, 2026

Brandon Tanous
Weaver and Tidwell LLP DBA Weaver
800 Figueroa St., Suite 780
Los Angeles CA 90017
E-mail: brandon.tanous@weaver.com

SUBJECT: California Public Utilities Commission Response to the Weaver and Tidwell LLP's Audit—California Advanced Services Fund Program Fiscal Audit Report

Dear Mr. Tanous,

The California Public Utilities Commission (CPUC) hereby provides its response to the findings and recommendations of the Weaver and Tidwell LLP DBA Weaver's updated draft audit report entitled *California Advanced Services Fund Program Fiscal Audit Report,* issued on December 22, 2025.

The draft audit report includes one observation and recommendation. We appreciate the observation and provide some relevant information as outlined in Appendix 1.

The CPUC appreciates the work performed by Weaver and the opportunity to provide this response to the Draft Report. If you have further questions, please contact me at execdirectorteam@cpuc.ca.gov.

Sincerely,

Rachel Peterson

Rachel Peterson
Executive Director

Enclosure

Appendix 1:

CPUC's Response to California Advanced Services Fund Program Fiscal Audit Report

Observation 1- Opportunities to Strengthen Internal Control Practices

Recommendation

To enhance the integrity and accountability of CASF grant administration, we recommend that the CPUC consider implementing additional expectations for grantee internal control documentation and fiscal oversight practices.

While CPUC does not currently prescribe internal control requirements for grantees, particularly those with unique governance structures, such as sovereign Tribal governments, the Commission has authority under PUC section 281 and related CASF program resolutions to ensure the appropriate use of funds and to ensure that disbursements are properly supported and reported.

Accordingly, CPUC could consider strengthening program oversight and monitoring for continued compliance by encouraging or requesting that all current and prospective grantees develop, implement, and maintain written policies and procedures that clearly define roles and responsibilities and address key elements of fiscal and administrative control, such as:

- Grant account setup and approval processes;
- Project accounting and expenditure tracking;
- Periodic reconciliations of grant expenditures;
- Document retention and audit trail maintenance; and
- CASF-specific grant management and reporting procedures.

The CPUC could also consider implementing a verification or guidance mechanism, such as requiring submission of internal control documentation during the application or monitoring process, developing standardized templates outlining minimum expectations for fiscal controls, or offering technical assistance and training to strengthen grantee capacity and compliance.

These steps can improve consistency, promote transparency, and strengthen oversight across the CASF accounts and their respective grantees, thereby ensuring proper stewardship of state resources and enhancing the reliability of recorded and reported information in compliance with CASF program requirements.

CPUC Response

The CPUC's California Advanced Services Fund (CASF) program is comprised of six distinct accounts or programs.[1] The above recommendation identified in the Fiscal Audit Report relates to four of the six CASF accounts that include the Broadband Infrastructure Account, the Rural and Urban Regional Broadband Consortia Account, the Broadband Public Housing Account, and the Tribal Technical Assistance program. The CPUC appreciates the observation and provides some relevant information for each of the three accounts.

[1] Broadband Infrastructure Grant Account, Broadband Public Housing Account, Rural and Urban Regional Broadband Consortia Grant Account, Broadband Adoption Account, Line Extension Program, Technical Assistance Program.

- Broadband Infrastructure Account and Rural and Urban Regional Broadband Consortia Account: The CPUC confirms that fiscal controls are already in place. The CPUC's existing Electronic Claims and Application Portal (eCAP) is used for the processing of all incoming grantee reimbursement requests and outgoing payments to grantees. The system retains all fiscal information and serves as an audit trail that includes all financial documentation related to grantee projects. The CPUC's budgets office assigns a unique identifying number for each grant.

  In addition to the fiscal controls currently in place, the Broadband Infrastructure Account and Rural and Urban Regional Broadband Account grantee invoices submitted are subject to a financial audit by the CPUC at any time within three (3) years of completion of project for the Broadband Infrastructure Account and within five (5) years of completion of project for the Rural and Urban Regional Broadband Account. If portions of reimbursements are found to be out of compliance, grantees will be responsible for refunding any disallowed amounts along with appropriate interest at rates determined in accordance with CPUC decisions. Grantees must complete and execute the Broadband Infrastructure Account and Rural and Urban Regional Broadband Consortia Account consent form agreeing to the conditions and CPUC requirements prior to any reimbursement.

- Broadband Public Housing Account: While some of the grantees' lack of documentation prevented evaluation of their internal controls, this does not constitute a finding of deficiency. The CASF program rules in 2022 and 2023 required grantees to maintain and submit documentation, and the grantee's inability to accommodate the auditor's specific request during the audit period does not represent a compliance gap. The CPUC will continue to ensure compliance and enforce the requirement that grantees fully participate in audits to strengthen responsiveness in future audits.

- Tribal Technical Assistance Program: The CPUC will consider Weaver's recommendations establishing baseline expectations for grantee internal control documentation and fiscal oversight practices by the third quarter of 2026.