Report In Brief

U.S. Department of Commerce Office of Inspector General

March 2010

Why We Did this Review

On September 30, 2007, the National Telecommunications and Information Administration (NTIA) awarded a $34,190,555 Public Safety Interoperable Communications (PSIC) grant to the Commonwealth of Pennsylvania to enhance interoperable emergency communications. NTIA required a minimum 20 percent matching share from nonfederal sources for the acquisition and deployment of communications equipment, and management and administration costs.

The original award period ran from October 1, 2007, to September 30, 2010. In November 2009, the President signed an act extending the award period to September 30, 2011, by which time all funds must be expended.

The governor of Pennsylvania designated the Pennsylvania Emergency Management Agency (PEMA) as Pennsylvania's state administrative agency to apply for and administer PSIC funds. We audited costs claimed by PEMA to determine whether the recipient complied with NTIA PSIC grant guidelines and the Department of Homeland Security (DHS) award terms and conditions.

Background

The Digital Television and Public Safety Act of 2005 authorized NTIA, in consultation with the DHS, to implement the PSIC program—a $1 billion one-time, formula-based matching grant program intended to enable public safety agencies to establish interoperable emergency communications systems using reallocated radio spectrum.

The Implementing Recommendations of the 9/11 Commission Act of 2007 requires the Commerce Inspector General to conduct financial audits, over 4 years, of a representative sample of at least 25 states or territories receiving PSIC grants. The Pennsylvania grant program is among our first audits under this requirement.

National Telecommunications and Information Administration

Pennsylvania Public Safety Interoperable Communications Grant PSIC Award No. 2007-GS-H7-0028 (DEN-19429)

What We Found

Our audit covered the award period of October 1, 2007, through December 31, 2008, during which time PEMA claimed total costs of $346,850. In general, we found PEMA to be in compliance with requirements and on track to complete the project on time.

Specifically, PEMA has

- prepared an investment justification describing how PSIC grant funds would be used to improve interoperable communications and ensure interoperability with other public safety agencies. It anticipates completing all 10 of its investments on schedule by the September 30, 2011, program deadline;
- corrected an unallowable portion of its matching share funds, thus meeting the minimum 20 percent nonfederal matching share requirement for acquiring and deploying equipment, and managing and administering projects;
- complied with grant terms and conditions by fulfilling financial reporting requirements, meeting the cash drawdown requirement of drawing down funds 30 days prior to expenditure or a disbursement, and complying with the 80 percent pass-through requirement by passing through $27.9 million (about 81 percent) of $34.2 million to PSIC fund recipients;
- begun to claim matching share costs in accordance with grant terms and conditions and PSIC's reporting requirements; and
- claimed costs of $346,850 on the December 31, 2008, financial status report; we determined that the costs claimed were reasonable, allowable, and allocable according to PSIC grant regulations.

What We Recommended

We made no formal recommendations in our report, but did suggest ways to enhance internal controls:

- During our fieldwork, we pointed out unallowable matching share funds, which PEMA corrected; this change will put $3,310,338 of funds to better use.
- As of December 31, 2008, PEMA expended $102,228 of federal funds for management and administration that required a matching share contribution. However, PEMA did not claim any matching share, although they had incurred sufficient matching share costs. As a result of our exit conference, PEMA is now reporting matching share costs in accordance with grant terms and conditions and reporting requirements.

Also, as part of our audit we reviewed the results of Pennsylvania's Office of Management and Budget Circular No. A-133 audit report for the year ended June 30, 2007. Although PSIC was not part of the audit, we reviewed the report for issues that could have a direct and material effect on the program. We found that PEMA did not have formal procedures in place to ensure the equipment being requested is included on the federal government's authorized list of allowable equipment. Further, PEMA did not have the required properly signed receiving report on file to support the receipt of the equipment by the designated location. Also, PEMA charged expenditures to the accounting system after the grant period ended. PEMA did not have adequate procedures in place to ensure that expenditures were liquidated within the required 90-day time period after the grant ending date.