



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 \$11,169,402 Public Safety Interoperable Communications (PSIC) grant to the State of Arkansas 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 Arkansas designated the Arkansas Department of Emergency Management (ADEM) as Arkansas's state administrative agency to apply for and administer PSIC funds. We audited costs claimed by ADEM to determine whether the recipient complied with NTIA PSIC grant guidelines and the Department of Homeland Security's (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 real-located 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 Arkansas grant program is among our first audits under this requirement.

National Telecommunications and Information Administration

Arkansas Public Safety Interoperable Communications Grant PSIC Award No. 2007-GS-H7-0012 (DEN-19430)

What We Found

Our audit covered the award period of October 1, 2007, through December 31, 2008, during which time Arkansas claimed total costs of \$1,512,347. In general, we found ADEM to be in compliance with requirements and on track to complete the project on time.

Specifically, ADEM has

- prepared an investment justification describing how the grant funds would be used to improve interoperable communications and ensure interoperability with other public safety agencies. It anticipates completing its five investments on schedule by the original September 30, 2010, PSIC program deadline;
- changed 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 \$9.7 million, about 87 percent, of the \$11.2 million of PSIC federal funds to local applicants;
- claimed matching share costs in accordance with grant terms and conditions and PSIC's reporting requirements; and
- claimed costs of \$1,512,347 on their 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 that ADEM had planned to claim \$2,648,043 as match for an unallowable servicing contract. ADEM changed this match to an allowable capital improvement project, thus putting the funds to better use.