



Report In Brief

U.S. Department of Commerce Office of Inspector General

September 2009



Why We Did this Review

On September 30, 2007, the National Telecommunications and Information Administration (NTIA) awarded a \$12,042,417 Public Safety Interoperable Communications (PSIC) grant to the state of Nevada 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 award period runs from October 1, 2007, to September 30, 2010, by which time all funds must be expended. The governor of Nevada designated the Department of Public Safety's Division of Emergency Management (DEM) as Nevada's state administrative agency to apply for and administer PSIC funds.

We audited costs claimed by DEM to determine whether it had 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 Nevada grant program is among the first audits under this requirement.

National Telecommunications and Information Administration

Nevada Public Safety Interoperable Communications Grant PSIC Award No. 2007-GS-H7-0015 (DEN-19431)

What We Found

Our audit covered the award period of October 1, 2007, through December 31, 2008, during which time DEM claimed total costs of \$605,113. In general, we found DEM to be in compliance with requirements and on track to complete the project on time because it has

- prepared an investment justification detailing the individual communications projects that are intended to achieve meaningful and measurable improvements in interoperability and fill gaps identified in the statewide communications interoperability plan and anticipates completing all investments on schedule by the September 30, 2010, PSIC program deadline;
- complied with grant terms and conditions by submitting all of its financial status reports within the required 30-day time period and complying with the 80 percent pass-through requirement by passing through \$9.9 million, about 82 percent, of the \$12 million in PSIC federal funds;
- claimed costs of \$605,113 in its December 31, 2008, financial status report, which were determined reasonable, allowable, and allocable according to PSIC grant regulations; and
- implemented several notable best practices in its administration of the PSIC program.

However, we also determined that

- while DEM had committed its 20 percent match requirement, which equals \$2.5 million, it had not documented \$1.29 million for two of its investments; and
- DEM did not comply with cash drawdown requirements, as required by PSIC regulations, because it did not place \$525,259 of drawdown funds for three Strategic Technology Reserve vehicles in an interest-bearing account. As a result, we determined imputed interest of \$5,348 is due to the U.S. Department of Treasury.

What We Recommended

We recommended that the NTIA Assistant Secretary for Communications and Information, in conjunction with the Federal Emergency Management Agency (FEMA) Grant Programs Directorate, require DEM to

- document all committed matches and demonstrate that it has contributed the 20 percent matching share for PSIC expenditures by the next quarterly financial status report; and
- monitor cash drawdowns, put funds not spent within 30 days in an interest-bearing account, and return imputed interest of \$5,348 to the U.S. Department of Treasury.