Report In Brief

U.S. Department of Commerce Office of Inspector General

September 23, 2010

National Telecommunications and Information Administration

Florida Public Safety Interoperable Communications Grant PSIC Award No. 2007-GS-H7-0019 (DEN-19886)

Why We Did this Review

On September 30, 2007, the National Telecommunications and Information Administration (NTIA) awarded a $42,888,266 Public Safety Interoperable Communications (PSIC) grant to Florida 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.

FDEM was designated as the administrative agency to apply for and administer PSIC funds. We audited costs claimed by FDEM 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 Transition 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.

What We Found

Our audit covered the award period of October 1, 2007, through December 31, 2009, during which time the Florida Division of Emergency Management (FDEM) claimed total costs of $16,884,937. In general, FDEM appears to be on track to complete its nine investments before the end of the award, and has reallocated $750,000 to a different PSIC investment than originally budgeted, thus putting these funds to better use. However, we did discover some areas of concern:

- We questioned over $219,000 of matching share costs claimed. FDEM agreed with our finding and corrected its financial report to reflect the proper amount.

- While FDEM generally complied with the terms and conditions of the PSIC grant, it did not fully comply with cash drawdown requirements. FDEM also claimed funds for unallowable management and administration costs on behalf of itself and its subrecipients. Finally, FDEM made several errors when drawing down PSIC funds for its subrecipients.

What We Recommended

In our draft report, we made several recommendations to the NTIA Assistant Secretary for Communications and Information and the Federal Emergency Management Agency's Grant Programs Directorate:

1. Require FDEM to monitor cash drawdowns to ensure compliance with PSIC guidelines, place funds drawn in an interest-bearing account, and return over $15,000 in interest owed to the federal government.

2. Direct FDEM to reduce its total PSIC cost claim to remove the unallowable management and administration costs.

3. Direct FDEM to provide evidence that it has addressed the deficiencies in its systems that allowed the improper drawdowns to occur.

In response, FDEM has (1) issued a policy requiring that subgrantees provide invoices before receiving cash advances, and made plans to remit the interest owed to the government; (2) reduced its cost claim by removing over $48,000 in unallowable costs from a subsequent PSIC claim; and (3) implemented new controls to improve monitoring and prevent further improper drawdowns.