



Report In Brief

U.S. Department of Commerce Office of Inspector General

October 21, 2010



Why We Did this Review

On September 30, 2007, the National Telecommunications and Information Administration (NTIA) awarded a \$94,034,510 Public Safety Interoperable Communications (PSIC) grant to the State of California to enhance interoperable emergency communications. NTIA also 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.

CALEMA was designated as California's state administrative agency to apply for and administer PSIC funds. We audited costs claimed by CALEMA 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 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.

National Telecommunications and Information Administration

California Public Safety Interoperable Communications Grant PSIC Award No. 2007-GS-H7-0008 (OIG-11-002-A)

What We Found

Our audit covered the award period of October 1, 2007, through June 30, 2009, during which time the California Emergency Management Agency (CALEMA) claimed total costs of \$3,273,405. In general, CALEMA appears to be on track to complete its investments before the end of the award, but we did discover several areas of concern. Specifically, we found the following:

- CALEMA has not provided proper documentation for almost \$600,000 of its nonfederal matching share, which could lead to a \$2.4 million reduction in federal funds allowed.
- CALEMA has been noncompliant with PSIC requirements in several areas, including not fulfilling PSIC reporting requirements, insufficiently monitoring subrecipients, allowing ineligible costs incurred by subrecipients, and claiming costs for vehicle repairs and other invalid expenditures. We questioned \$73,474 of the costs CALEMA claimed during the audit period.

What We Recommended

In our draft report, we made several recommendations to the NTIA Assistant Secretary for Communications and Information, in conjunction with the Federal Emergency Management Agency's Grant Programs Directorate, to correct deficiencies with CALEMA's reporting and compliance. CALEMA has taken certain actions to correct some of these deficiencies, but the agency should be directed to

- provide NTIA with a nonfederal matching share plan that demonstrates the correct matching amount is in place;
- provide actual nonfederal matching share expenditures in its next quarterly financial status report; and
- reduce its cost claim by the \$73,474 in questioned costs and refund the federal government \$567,544 in excess disbursements.