



Report In Brief

U.S. Department of Commerce Office of Inspector General

November 5, 2010



Why We Did this Review

On September 30, 2007, the National Telecommunications and Information Administration (NTIA) awarded a \$65,069,247 Public Safety Interoperable Communications (PSIC) grant to the State of Texas 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.

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

Texas Public Safety Interoperable Communications Grant PSIC Award No. 2007-GS-H7-0044 (OIG-11-007-A)

What We Found

Our audit covered the award period of October 1, 2007, through June 30, 2009, during which time the Texas Department of Public Safety's (TxDPS) Governor's Division of Emergency Management claimed total costs of \$2,207,092. In general, TxDPS 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:

- TxDPS has not provided sufficient nonfederal funds to meet its matching share requirement and has been incorrectly reporting its matching funds in its quarterly financial reports. While the agency agrees with this finding, it continues to report incorrect amounts.
- In 11 out of 25 cases we reviewed, TxDPS did not fully comply with the grant's requirements for drawing down funds within 30 days of disbursement and placing these funds in an interest-bearing account so that any accrued interest can be remitted to the U.S. Treasury. Based on this finding, we calculated that TxDPS needs to remit imputed interest of \$1,205 to the Treasury. In response to our draft report, TxDPS provided information that it had deposited the funds in an interest-bearing account; however, it still had not remitted the interest to the U.S. Treasury.
- TxDPS transferred a total of \$1,265,226 from the budgets of several of its investments to another investment without requesting or receiving the needed approval from NTIA or the Federal Emergency Management Agency (FEMA).

What We Recommended

We recommend the NTIA Assistant Secretary for Communications and Information, in conjunction with FEMA's Grant Programs Directorate, take the following actions:

- Direct TxDPS to provide evidence that it has addressed the deficiencies in its accounting system that allowed the improper nonfederal matching share to be reported, and confirm that the correct amount is currently being reported. If TxDPS cannot demonstrate that corrective actions have been taken, the agency should be designated "high risk" and advance payments suspended until corrective actions are implemented.
- Remind TxDPS of its obligations to (1) limit advances of federal funds to its immediate (30-day) cash needs, (2) deposit all advances in an interest-bearing account, and (3) remit to the federal government the interest earned on advances, including the \$1,205 of imputed interest mentioned above. Remitting this amount will enable these funds to be put to better use.
- Direct TxDPS to submit a modification request for the budget transfer between investments, explaining how the PSIC project will benefit from these transfers.