Report In Brief

U.S. Department of Commerce Office of Inspector General

November 17, 2011

Why We Did This Review

This report is part of OIG's continued oversight of the $7.9 billion in funds received by five Department of Commerce agencies (plus OIG) under the American Recovery and Reinvestment Act of 2009 (the Recovery Act).

This review of the Broadband Technology Opportunities Program (BTOP) focused on the effectiveness of National Telecommunications and Information Administration's (NTIA's) award monitoring process—and its use of monitoring results to manage and strengthen BTOP.

Background

From the time the President signed the Recovery Act into law, OIG has provided oversight of NTIA's administration of the approximate $4.5 billion BTOP and will continue to do so throughout the remainder of the grant program life cycle. Now that BTOP has awarded all grants, NTIA faces challenges in overseeing a diverse award portfolio. Their fiscal year (FY) 2011 BTOP Monitoring and Assessment Plan establishes NTIA's guiding principles for monitoring and assessing BTOP awards. The plan explains the processes for establishing and revising monitoring levels—as well as for ensuring improved project performance and compliance with grant terms and conditions—and the tools used to monitor the award.

Our report describes weaknesses and recommends steps to improve the controls over monitoring tools and the execution of monitoring activities.

National Telecommunications and Information Administration

NTIA Has an Established Foundation to Oversee BTOP Awards, But Better Execution of Monitoring Is Needed
(OIG-12-013-A)

What We Found

NTIA has taken steps to establish a comprehensive BTOP award oversight framework that includes establishing monitoring levels, performing reviews and site visits, and adjusting initial monitoring level baselines. However, we also identify improvements to strengthen:

- *The utilization of monitoring tools and effectiveness of monitoring level adjustments*. We found that *program report reviews* rely on information reported by grant recipients without any independent verification. *Desk reviews* address major areas but leave open important outstanding follow-up items. *Site visits* currently are inconsistently executed. While NTIA's approach to establishing monitoring levels was reasonable, monitoring-levels have not been revised based on desk reviews and site visits.

- *Recipient match review process*. We identified that NTIA's match review process does not include the verification of match sources or claimed amounts—and cannot guarantee that recipients spend federal funds in accordance with federal regulations.

- *Tracking projects at risk of meeting three-year completion deadline and initiating a formal trend analysis.* We found several BTOP projects are at risk of meeting completion requirements and NTIA needs to continue to work with recipients to meet those dates. A trend analysis, which NTIA has undertaken since our initial suggestion, will help proactively identify potential issues that could impede project progress.

- *Maximize monitoring resources*. Our review identified that while NTIA has developed a reasonable framework for award monitoring, given current budgetary factors, NTIA must develop alternative monitoring strategies. Implementing recommendations in the report will help NTIA maximize the use of its resources.

What We Recommended

We recommend that NTIA:

- strengthen the federal program officers' monitoring efforts.
- verify source documentation into its current monitoring efforts.
- strengthen its monitoring tools' internal control capabilities.
- prepare recipient match documentation guidance for FPO use during site visits.
- work with recipients at risk of not meeting award progress and completion requirements and develop an action plan and alternative strategies for those awards that will not satisfy award terms.
- incorporate continuous trend analysis activities into its award monitoring process.
- identify oversight strategies for different funding levels.