April 8, 2011

MEMORANDUM FOR:    Lawrence E. Strickling, Assistant Secretary for
                     Communications and Information and Administrator,
                     National Telecommunications and Information Administration

FROM:               Ann Eilers
                     Principal Assistant Inspector General for
                     Audit and Evaluation

SUBJECT:            Review of NTIA BTOP Grantees’ Match

In February 2009, the President signed into law the almost $800 billion American Recovery and
Reinvestment Act. The Recovery Act appropriated $4.7 billion in funds to the National
Telecommunications Information Administration (NTIA) to establish a grant program, the
Broadband Technology Opportunities Program (BTOP), designed to increase broadband Internet
service to unserved and underserved areas in the country.

BTOP has made more than 230 awards, totaling approximately $4 billion in federal share. In
order to successfully complete their BTOP projects, grantees are also required to either match,
from nonfederal sources, at least 20 percent of the federal funds or to request a waiver of the
matching requirement. Additional consideration is given to those projects that contribute a
nonfederal cost share/match that equals or exceeds 30 percent of the total eligible costs of the
project.

The BTOP awards include $1.4 billion in matching requirements. The objective of our audit is to
determine whether NTIA has processes in place to ensure BTOP grantees’ matching shares meet
federal administrative requirements and the cost principles included in the terms and conditions
of the award.

We plan to begin work immediately. We will contact your audit liaison to establish an entrance
conference in order to discuss this audit. If you have any questions, please call me at (202) 482­
2754.

cc:    Anthony G. Wilhelm, Director, Broadband Technology Opportunities Program, NTIA
       Kathy Smith, Chief Counsel, NTIA
       Milton Brown, Deputy Chief Counsel and Audit Liaison, NTIA