



Report in Brief

October 16, 2017

Background

The National Telecommunications and Information Administration (NTIA), under the authority of the American Recovery and Reinvestment Act of 2009, awarded the Los Angeles Regional Interoperable Communications System (LA-RICS) a \$154 million Broadband Technology Opportunities Program (BTOP) grant—the largest award in the program—in September 2010.

LA-RICS was one of seven BTOP recipients that received a grant award to (a) deploy a public safety broadband network using 700 megahertz (MHz) spectrum and (b) serve as a pilot project representing a model of how a public safety broadband project might be designed, owned, operated, and maintained.

NTIA, with grant administration support from the National Oceanic and Atmospheric Administration's (NOAA's) Grants Management Division, awarded these seven public safety grants after the Federal Communications Commission permitted these grantees, on a conditional basis, to use the 700 MHz spectrum.

Why We Did This Review

The objective of our audit was to assess the effectiveness of NTIA's oversight of the BTOP grant award to LA-RICS. In completing this objective, we assessed NOAA's related grant administration. Also, we assessed LA-RICS' efforts to meet grant objectives and provide FirstNet with lessons it has learned while building a public safety network.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

Strengthening Grant Administration and Financial Controls Will Improve Management of the LA-RICS BTOP Grant

OIG-18-002-A

WHAT WE FOUND

We generally found NTIA's and NOAA's oversight of the LA-RICS BTOP grant and LA-RICS' efforts to be reasonable; however, we identified opportunities to address control weaknesses and improve management of the grant program. Specifically,

- *NOAA grant monitoring procedures are incomplete.* Throughout our audit, we requested the Standard Operating Procedures (SOPs) NOAA used to manage its grant administration responsibilities. While NOAA provided some SOPs covering aspects of its responsibilities, it did not have complete procedures for all of its significant roles and responsibilities.
- *NTIA and NOAA did not maintain adequate grant files.* NTIA and NOAA officials maintained documentation of their oversight efforts in the official award file maintained in Grants Online, but the grant files were not complete. We also found that not all monitoring activities were documented in Grants Online.
- *NTIA cannot fully rely on LA-RICS's financial controls.* LA-RICS did not develop written procedures for maintaining its internal financial system. Without documented procedures incorporating standards for maintaining the internal financial system, LA-RICS is unable to demonstrate that it has the necessary accounting and operational controls at the grantee level to manage the award.

We also note, in the "Other Matters" section of this report, minor issues related to corrupted files identified in the Grants Online official award file and inconsistent Special Award Conditions and financial reporting.

WHAT WE RECOMMEND

We recommend that NTIA's Chief Financial Officer and Director of Administration, Performing the Non-Exclusive Duties of the Assistant Secretary for Communications and Information

1. document all site visits and communicate to staff the need for timely documentation of the reports in the official grant file;
2. require LA-RICS, in consultation with NOAA, to develop and document procedures for maintaining its internal financial system; and
3. require LA-RICS, in consultation with NOAA, to develop and implement procedures for remitting interest quarterly.

We also recommend that NOAA's Acting Director of the Acquisition and Grants Office

4. review existing SOPs and assess the need to develop additional procedures for oversight roles and responsibilities for reviews of federal financial reports, performance progress reports, drawdowns, and post-site visit requirements, and
5. document review of LA-RICS' single audit reports in the official grant file.