



Report in Brief

August 25, 2022

Background

The Middle Class Tax Relief and Job Creation Act of 2012 (the Act) established the First Responder Network Authority (FirstNet Authority) as an independent authority within the National Telecommunications and Information Administration (NTIA) to ensure the building, deployment, and operation of the Nationwide Public Safety Broadband Network (NPSBN) dedicated to first responders. On March 28, 2017, FirstNet Authority entered into a 25-year contract with AT&T for the construction and operation of the NPSBN. FirstNet Authority's arrangement with AT&T involves (a) the initial obligation of up to \$6.5 billion in funds to AT&T to deploy, construct, and operate the NPSBN; (b) AT&T's use of dedicated broadband spectrum; and (c) annual payments from AT&T to FirstNet Authority over the life of the contract for use of the dedicated spectrum. Per the Act, FirstNet Authority must reinvest a portion of the annual payments into the network to maintain and improve the NPSBN.

In June 2020, the FirstNet Authority Board approved its first two reinvestment opportunities. They include expanded deployable capabilities and services (deployables) and a generational upgrade (5G upgrade) for the initial core. FirstNet Authority personnel developed an Independent Government Cost Estimate (IGCE) as its price analysis technique for each investment. An IGCE is an important step in the acquisition process, as it helps decision makers evaluate resource requirements and other important decision points.

Why We Did This Review

Our audit objective was to determine whether FirstNet Authority's process for reinvesting fee payments is effective and consistent with established practices, procedures, and regulations.

FIRST RESPONDER NETWORK AUTHORITY

FirstNet Authority Did Not Have Reliable Cost Estimates to Ensure It Awarded Two Reinvestment Task Orders at Fair and Reasonable Prices

OIG-22-029-A

WHAT WE FOUND

We found that FirstNet Authority did not follow the *GAO Cost Estimating and Assessment Guide* when preparing and documenting IGCEs used to evaluate AT&T's proposals related to the deployable and 5G task orders. Specifically, we found the following:

- I. FirstNet Authority did not sufficiently document IGCEs.
- II. FirstNet Authority did not ensure that IGCEs reflected updates based on changed conditions.
- III. FirstNet Authority did not justify fair and reasonable pricing for additional requirements proposed by AT&T that were not included in the IGCEs.
- IV. FirstNet Authority did not address legal review concerns.
- V. FirstNet Authority did not develop a cost estimating plan describing the steps for preparing an IGCE.

WHAT WE RECOMMEND

We recommend that the Chief Financial Officer and Assistant Secretary for Administration do the following:

1. Develop a comprehensive cost estimating guide that is aligned with the *GAO Cost Estimating and Assessment Guide* and details how to prepare IGCEs.
2. Direct FirstNet Authority to follow the U.S. Department of Commerce's (the Department's) cost estimating guidance for future reinvestment task orders issued under contract FN30117CQ0008.

We recommend that the Assistant Secretary of Commerce for Communications and Information and NTIA Administrator direct FirstNet Authority's Chief Executive Officer to do the following:

3. Follow the Department's cost estimating guide for developing cost estimates that will be issued resulting from actions taken to address recommendation I.
4. Develop clear and detailed procedures on how to develop IGCEs, including detailing the source and methodology information needed for a well-documented IGCE.
5. Train cost estimating team personnel, program officials, and contracting officials on their responsibilities for developing, reviewing, and approving IGCEs and evaluating contracting cost proposals.
6. Establish a cost estimating team with the appropriate expertise and define qualifications necessary for personnel on the cost estimating team responsible for developing the IGCE.
7. Require that IGCEs include the name and signature of the preparer, the date prepared, and the signature of the approving official.