U.S. DEPARTMENT OF COMMERCE
Office of Inspector General

National Telecommunications and Information Administration

NTIA Has an Established Foundation to Oversee BTOP Awards, But Better Execution of Monitoring Is Needed

Final Report No. OIG-12-013-A
November 17, 2011

FOR PUBLIC RELEASE

Office of Audit and Evaluation

November 17, 2011

MEMORANDUM FOR:	Lawrence E. Strickling Assistant Secretary for Communications and Information National Telecommunications and Information Administration
FROM:	Ann C. Eilers Principal Assistant Inspector General for Audit and Evaluation
SUBJECT:	NTIA Has an Established Foundation to Oversee BTOP Awards, But Better Execution of Monitoring Is Needed Final Report No. OIG-12-013-A

This memorandum provides our final audit report on the effectiveness of the BTOP monitoring process and NTIA's use of monitoring results to manage and strengthen BTOP. The objectives of our audit were to (1) assess the reasonableness of assigned monitoring levels and corresponding monitoring activities; (2) evaluate the effectiveness of desk reviews; (3) assess the adequacy of site visits; and (4) evaluate the effectiveness of the processes in place to adjust monitoring levels for specific recipients.

Our report describes weaknesses and recommends steps to improve the controls over monitoring tools and the execution of monitoring activities. NTIA has already 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 needed to strengthen the utilization of monitoring tools; documentation of monitoring activities, recipient site visits, and match review processes; and the effectiveness of monitoring level adjustments.

Your November 3 response to our draft report stated that NTIA is taking every appropriate action to address recommendations, subject to NTIA's funding limitations under the continuing resolution. Also, it summarizes steps being taken to address the recommendations. Where appropriate, we have modified this final report based on this response and discussions with NTIA leadership subsequent to the issuance of the draft report. The formal NTIA response is included as an appendix. The final report will be posted on the OIG's website pursuant to section 8L of the Inspector General Act of 1978, as amended.

In accordance with the Department Administrative Order 213-5, within 60 days of the date of this memorandum, please provide us with an action plan that responds to all of the report recommendations.

We would like to express our thanks to your staff for the courtesies shown to us during our review. Please direct any inquiries regarding this report to Chris Rose, Senior Auditor, Recovery

Act Task Force, at (202) 482-5558, or Katie McKevitt, Project Lead, Recovery Act Task Force, at (202) 482-0264, and refer to the report title in all correspondence.

Attachment

cc: Scott Quehl, Chief Financial Officer and Assistant Secretary for Administration
        Kathy Smith, Chief Counsel, NTIA
        Anthony Wilhelm, Deputy Associate Administrator, Infrastructure Division, Office of
            Telecommunications and Information Applications, NTIA

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.

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Introduction

From the time the President signed the American Recovery and Reinvestment Act of 2009[1] (the Recovery Act) into law, OIG has provided oversight of NTIA's administration of the $4.4[2] billion Broadband Technology Opportunities Program (BTOP) and will continue to do so throughout the remainder of the grant program life cycle. The Department of Commerce (DOC) Inspector General (IG), in his February 2011 testimony before the House Committee on Energy and Commerce, Subcommittee on Communications and Technology, on broadband spending, focused on the need for effective award monitoring and oversight. As we continue our NTIA oversight efforts, we anticipate expanding our efforts to include additional detailed reviews of complaints, allegations, and grants administration of specific recipients. Table 1 delineates $3.9 billion in BTOP funded projects that are ongoing and scheduled to be completed over the next two years.

OIG's Proactive BTOP Oversight

- Providing NTIA guidance on establishing controls
- Participating in funding workshops
- Briefing potential applicants on Recovery Act requirements
- Conducting post award workshops on fraud prevention and other issues

Table 1. Required Completion Date for BTOP Projects

Expiration[1]	Award Value	CCI[2]	SBA[3]	PCC[4]	Total
November 2012	$ 63,831,799	2	2	4	8
December 2012	70,689,472	2	1	2	5
January 2013	614,058,561	25	3	11	39
February 2013	211,650,411	7	6	3	16
March 2013	114,657,708	8	1	0	9
June 2013	440,419,917	18	0	11	29
July 2013	1,463,892,298	43	10	15	68
August 2013	863,948,374	16	14	12	42
September 2013	46,204,251	0	7	7	14
	$ 3,889,352,791	121	44	65	230

[1] Recipients must complete all projects within three years of award issuance.

[2] Comprehensive Community Infrastructure (CCI)

[3] Sustainable Broadband Adoption (SBA)

[4] Public Computer Centers (PCC)

Source: **OIG, derived from operating unit data**

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[1] Pub. L. No. 111-5.

[2] The Recovery Act established BTOP with $4.7 billion, including administration and oversight expenses. A $302 million rescission occurred in August 2010 pursuant to Pub. L. No. 111-226, reducing the total funding. In all, BTOP awarded $3.9 billion in grants. The remaining funding went to develop and update the publicly searchable National Broadband Map, administrative expenses, and transfers to the OIG for oversight and the Federal Communications Commission for the development of a national broadband plan.

Now that BTOP has awarded all grants, NTIA faces challenges in overseeing a diverse award portfolio:

- BTOP award recipients include public entities, for-profits, nonprofits, and tribal entities; this is the first time that NTIA has made awards to for-profit companies, which represent almost 25 percent of BTOP awards. Also, awards differ in terms of recipient experience in administering federal awards, as well as their need to satisfy special award conditions (such as environmental assessments). In fact, of the 230 awards made as of September 30, 2010, (representing nearly $3.9 billion in BTOP awards), 118 require completed environmental assessments before further project progress is permitted. During a June 2011 quarterly management meeting, NTIA identified that environmental assessments would take up to six months to complete; many have taken longer. As of September 30, 2011, 12 award recipients still had outstanding environmental assessments or consultation special awards, totaling approximately $500 million in federal funds.

- BTOP projects are on a defined schedule for completion—requiring full completion within 3 years (see table 1). The spending will require NTIA's close monitoring: as of September 8, 2011, NTIA officials reported that recipients had drawn down $729 million, representing only about 19% of total funds.

- NTIA needs to maintain a program office with sufficient resources for effective oversight of these awards. Sufficient NTIA staff in terms of numbers and training, as well as contractor support, is essential in establishing and monitoring the program. NTIA's oversight processes need to match the resources provided to oversee the awards.

The January 31, 2011, 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. The plan details three monitoring strategies—report reviews, desk reviews and site visits—and explains how NTIA will coordinate their use with the established monitoring levels.

In addition, the Federal Program Officer (FPO) handbook provides further guidance for FPOs to follow when monitoring BTOP awards. The handbook provides reasonable guidance on a variety of topics, including grants management and administration, recipient reporting and award monitoring, compliance and environmental requirements, to document management. The BTOP FPO Handbook "is intended to supplement the existing DOC Updated Interim Grants Manual . . . and other Departmental Administrative Orders and Federal Circulars by providing clarification on the specific responsibilities of the FPO and the BTOP Program Office."[3]

Our review of BTOP award monitoring assessed the effectiveness of the monitoring process and NTIA's use of monitoring results to manage and strengthen the BTOP program and included the following objectives:

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[3] Broadband Technology Opportunities Program, December 2010. *Federal Program Officer Handbook*, Version 2.0. Washington, DC: National Telecommunication and Information Administration, 1.

(1) Assess the reasonableness of assigned monitoring levels and corresponding monitoring activities;

(2) Evaluate the effectiveness of desk reviews;

(3) Assess the adequacy of site visits; and

(4) Evaluate the effectiveness of the processes in place to adjust monitoring levels for specific recipients.

See appendix A for a detailed summary of our audit's objectives, scope, and methodology.

Findings and Recommendations

NTIA has taken steps to establish comprehensive policies and procedures to provide oversight of its BTOP awards. We found that—while NTIA's approach to establishing monitoring levels was reasonable—desk reviews had limitations, site visits need to be strengthened, and monitoring levels have not been revised based on desk reviews and site visits. The execution of BTOP policies and procedures lacks the rigor and depth necessary to be most effective.

More specifically, NTIA needs to:

    I.   strengthen its initial and follow-up monitoring activities;

   II.   bolster its data integrity internal controls;

  III.   continue to improve its recipient match review processes;

  IV.   develop a strategy for tracking projects that risk missing the three -year completion deadline;

   V.   initiate a formal trend analysis process for its grant portfolio; and

  VI.   maximize the resources it receives for monitoring BTOP awards.

The agency will need to improve execution of its monitoring plan to meet the multiple challenges it will face throughout the remainder of the grant life cycle—particularly with high-risk awards. High-risk awards typically exceed $50 million, pose significant technical challenges, and require significant construction/deployment in the last quarters of the grant term.[4]

OIG has continually met with NTIA officials throughout the audit to share observations, comments, and recommendations. A detailed discussion of our findings and recommendations follows.

I.   NTIA Needs to Strengthen Its Initial and Follow-Up Monitoring Activities

Monitoring performance helps NTIA ensure that grantees meet program- and award-specific goals (by addressing potential problems early) and complete required deliverables. We found that NTIA has taken many steps to establish a monitoring process for its BTOP awards, including:

- Developing an assessment and monitoring plan, and providing training to NTIA staff on grant monitoring;

- Completing initial desk reviews (e.g., using performance and financial reports to evaluate the grant recipients' understanding of, and ability to comply with, federal and program regulations),

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[4] National Telecommunications and Information Administration, 2010. *BTOP Risk Assessment Tool*. Washington, DC: BTOP, 4.

- Establishing baseline monitoring levels;

- Resetting some initial monitoring levels based on management level staff review; and

- Initiating site visits of the higher-risk awards within their portfolio.

NTIA staff also developed a checklist for each site visit—with mostly standardized questions across all grants and additional questions for grant recipients with specific issues, such as compliance or special award conditions. NTIA management also developed a method for prioritizing site visits based on monitoring levels. After each site visit, NTIA creates a site visit report, outlining the progress of the project, and modifies monitoring levels based on information gleaned from the site visit (see appendix B for an overview of BTOP's monitoring plan).

However, improvements are needed to ensure that NTIA's site visit process is a more efficient and effective use of resources. Site visits represent one component of NTIA's multifaceted monitoring effort that also includes reviews of program reports and desk reviews. As another department's OIG states in its grants management guidance, "[G]ranting agencies should increase their monitoring of grantees and subgrantees by increasing site visits and reviewing financial and progress reports for accuracy, completeness, and alignment with project goals. . . . [G]rant managers should periodically require the submission of supporting documentation so reported expenditures and achievements can be verified."[5] This guidance is important, as some FPOs are responsible for more than 20 awards.

With $19.8 million in its approved FY 2011 budget allocated for program oversight and contractor support services, NTIA developed its current monitoring model. Now NTIA must adapt monitoring activities to maximize results, as current processes do not reflect the most efficient and effective use of resources. Table 2 highlights problems that we found with the execution of NTIA's monitoring efforts.

Effective monitoring activities would require a combination of effective planning, replicable processes, and rigor in the execution of report reviews, desk reviews, and site visits on NTIA's behalf. In particular, it should streamline site visits to allow for increased opportunities for verification of source documentation and transactions. Additionally, NTIA should revise primary monitoring tools to improve efficiency and effectiveness, as well as ensure equitable oversight of grant funds. Incorporating other complementary monitoring techniques would enable NTIA to identify and address grant-related issues proactively as they arise (see table 2 for specific examples). The current BTOP monitoring process could benefit from other adjustments as well, to include: increased verification of source documentation and systems, detailed review of nonfederal match,[6] and increased consistency in the use of monitoring tools and execution of monitoring activities.

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[5] U.S. Department of Justice Office of Inspector General, February 2009. *Improving the Grant Management Process*. Washington, DC: Department of Justice OIG, 4, 5.
[6] BTOP recipients must provide at least 20% of total project costs from nonfederal sources.

Table 2. Specific Finding Examples—Monitoring Activities

Monitoring Component	Finding
Program Report Reviews	• One recipient failed to disclose the lack of a subrecipient monitoring plan that outlined recipient and subrecipient roles and responsibilities; this was not discovered until the recipient's April 2011 site visit. The lack of a subrecipient monitoring plan contributed to project delays.
Desk Reviews	• One recipient's desk review identified 24 outstanding items. These items included verifying the existence of a subrecipient monitoring plan to confirm the recipient's accounting systems. • Another recipient's desk review contained 14 unresolved items, including guidelines and mechanisms for tracking and reporting matching funds.

Site Visits	• Site Visit Checklist questions and document requests may or may not exist in advance. Of further concern:
	    o Some FPOs strictly adhere to the checklist questionnaire; others deviate from the checklist. One FPO did not review the recipient's accounting system even when offered.
	    o Many standard checklist questions overlap, particularly with the financial management and grants management sections.
	    o The checklist is too long and does not allow adequate time to verify source documentation and systems.
	• Site visits did not consistently review, test, and verify compliance with bonding requirements or procurement and financial policies.
	• The two-day (intermediate risk) and three-day (advanced risk) site visit timeframes may not be adequate. Site visits of higher-risk awards should be longer.
	• There was no discernable difference in the site visit process after the May 3, 2011, preliminary briefing by OIG (in which we verbally provided observations regarding the effectiveness and efficiency of site visits). At the briefing, OIG also discussed the redundancy of the site visit checklist, the lack of time allotted to verify the existence of source documents and limited time frame allotted to conduct site visits.

Source: OIG

    A. **Program Report Reviews**, or performance progress reports, rely upon information reported by grant recipients without any independent verification. However, the report format does not contain the level of detail necessary to identify ongoing or current issues

that could negatively impact the grant award as indicated in table 2. Issues may not emerge until the recipient receives a more detailed review, such as a site visit.

B. **Desk Reviews** address seven major areas, ranging from special award conditions to procurement management. The desk review consists of a series of questions to grants management staff related to the recipient and the recipient's grants management infrastructure. Our examination of completed desk reviews identified numerous unresolved grant management items categorized by NTIA as "requiring follow-up." We selected 22 out of 96 follow-up items identified from nine desk reviews containing outstanding follow-up items.[7] When asked to provide the final disposition of those follow-up items, NTIA was unable to determine how those issues were resolved. Examples of outstanding follow-up items included: guidelines for matching funds, procurement procedures, and verification of accounting systems.

C. **Site Visits** currently are inconsistently executed. NTIA's FY 2011 assessment and monitoring plans state that a benefit of site visits "is that potential areas of concern can be corrected immediately on-site." Furthermore, it states that site visits "will be guided by a standardized agenda and checklist of review items." We observed seven initial-round site visits of NTIA's highest-risk awards. NTIA executed the site visit preparation (and site visits themselves) in an inconsistent manner that varied greatly depending on the FPO and staff who attended as indicated in table 2 on the previous page. In addition, the current site visit process lacks the depth of a consistent verification of source documentation, and verification of key elements—such as bonding requirements and financial and procurement transactions—to make it more effective as a monitoring tool.

These deficiencies resulted in unreliable outcomes. For example, OIG found that one recipient undergoing a site visit during our field work developed multiple grant management issues, despite having a generally positive site visit report. The recipient site visit occurred early in the award monitoring process, and NTIA staff did not find any major concerns, either in the initial desk review or during the site visit. Subsequently, several issues regarding the governance structure of the recipient and concerns about the contract mechanism for administering the grant were identified. NTIA initiated actions to address these concerns, while the OIG conducted a site visit to the same recipient. From our review of documentation, transactions, and interviews, we believe these issues should have been addressed sooner.

At this report's issuance, NTIA has not revised recipient monitoring levels based on the results of desk reviews and site visits. As such, OIG is unable to comment on the effectiveness of monitoring level adjustments, pending additional data for review.

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[7] OIG judgmentally selected the 9 desk reviews from a universe of 230 completed desk reviews.

<u>*Recommendations*</u>

We recommend that NTIA

1. Take prompt steps to strengthen the FPOs' monitoring efforts that include the following:

    a. Revise the FPO handbook to provide guidance for performing due diligence on recipient information that seems inconsistent with knowledge of the project.

    b. Revise the FPO handbook informing FPOs on the importance of following up on unresolved issues.

    c. Streamline the site visit checklist to minimize redundancy and provide additional time to perform onsite inspection of project progress and verification of source documents.

    d. Conduct a training session or workshop for FPOs on revised and augmented procedures to ensure consistency in the use of monitoring tools and execution of monitoring activities.

2. Develop and incorporate procedures to verify source documentation into its current monitoring efforts to verify grant-related activities such as competitive procurement processes and financial transactions and recipient match.

II.   NTIA Needs to Bolster Its Data Integrity Internal Controls

The 2005 *Guide to Opportunities for Improving Grant Accountability* issued by the Domestic Working Group Grant Accountability Project sponsored by the Comptroller General of the United States with participation by federal, state, and local audit organizations, states "[o]rganizations that award . . . grants need good internal control systems to ensure that funds are properly used and achieve intended results." The Guide also states that "[h]aving regulations and internal operating procedures in place prior to awarding grants enables agencies to set clear expectations." Based on our review of information system tools NTIA uses to manage grant recipient issues and internal records, we determined that these tools do not incorporate adequate internal controls to manage issues effectively and consistently.

A lack of adequate controls can lead to delays in addressing grant recipient concerns and managing issues in the absence of other NTIA staff members. NTIA uses four internal information system tools to manage BTOP information: the Post Award Management (PAM) system, the Management Dashboard Tool (MDT), the Customer Service Management (CSM) tool, and the Post Award Records Site (PARS) tool (see table 3).

Table 3. NTIA Monitoring Tools

BTOP system	Description
Post Award Management System (PAM)	• allows BTOP recipients to submit, for NTIA's review, program information including quarterly reports, annual reports, and federal financial reports (FFRs) • interacts with NOAA's Grants Online (GOL) system and exchanges reports for infrastructure/CCI projects
Management Dashboard Tool (MDT)	• enables management to view award information alongside financial and geographic information to access a panoramic view of the BTOP awards portfolio
Customer Service Management (CSM) tool	• tracks manually logged, customer-input issues while allowing NTIA staff to input recipient issues • affords management and compliance staff access with the ability to edit and modify inputs • places corrective action plans alongside issue files, as well as any relevant grant or program files, to put issues into context • operates independently of the other program systems
Post Award Records Site (PARS)	• enables BTOP collaboration among NTIA program officers and Booz Allen Hamilton (BAH) contractor grants coordinators • stores interim documents and match matrices, for analyzing nonfederal match sources for grants • sorts information and retrieves documents for environmental assessments or baseline reports

Source: NTIA

CSM Lacks Adequate Internal Controls over Data Integrity. CSM—a tool for managing larger issues concerning other federal agencies or multiple offices—is useful for tracking high-level issues. NTIA should create a protocol for managing information and uploading documentation into CSM. For example, NTIA could establish a consistent file-naming convention to designate what information is pertinent to the issue.

NTIA staff indicated that they could not add additional controls and functionality for CSM without prohibitive cost, due to capped administrative costs. Funding and resource limitations notwithstanding, NTIA must ensure the proper protocols for mitigating any risk of lost information are in place.

Recommendation

We recommend that NTIA strengthen its monitoring tools' internal control capabilities by creating a protocol for the use of the CSM tool to establish a consistent file-naming convention.

III.   NTIA Needs Continued Improvement over Its Recipient Match Review Processes

NTIA's match review process does not include the verification of match sources or claimed amounts. Both of the BTOP Notices of Funds Availability (NOFAs) require that grant recipients

provide at least 20% of total project costs in nonfederal matching sources, either in cash or through in-kind contributions. As such, NTIA is responsible for ensuring that grant recipients expend federal funds in accordance with the committed matching funds. Based on OIG's inquiry, both in this audit and other reviews, we determined that NTIA must improve the match review process for the program. Without a robust approach to verifying match, NTIA cannot guarantee that recipients spend federal funds in accordance with federal regulations.

As part of the review of NTIA's match review process, OIG auditors completed a site visit and match review of a recipient. During the review, OIG auditors noted inconsistencies between the match matrix (an outline of match source and spending) provided by NTIA and the formal request for budget modification that the recipient submitted for NTIA review and approval. For this grant recipient in particular, detailed descriptions of professional in-kind services differed. Additionally, the OIG auditors compared the recipient's financial records to the recipient's quarterly financial reporting and found $114,251 in reported match expenditures. However, the recipient's line item detail only supported $54,046—creating a difference of $60,205, or roughly 53% less than the reported amount. As the reported matching share was higher than documentation supported, the recipient was able to draw down more federal funds than it was entitled to. FPOs reviewed the quarterly reporting and completed a site visit prior to the OIG visit; nonetheless, they did not discover the reporting issue. NTIA's match review process would provide more effective oversight if FPOs compared the quarterly financial report with actual grant or match spending to check the accuracy and completeness of grantees' financial reporting.

The ability to meet nonfederal match requirements is a concern for Congress. On February 9, 2011, the DOC IG testified to Congress about the need for NTIA to monitor nonfederal matching. In March 2011, OIG wrote to NTIA in an effort to determine whether BTOP grantees were able to meet their match requirements; in the letter, the IG expressed his belief that "matching funds [are] a high-risk area for BTOP." We were told that NTIA piloted a match matrix review of infrastructure awards in January 2011 to assess the accuracy of match claims made by recipients. NTIA's June 2011 Quarterly Management Review report indicated 120 of 152 (or 79%) planned match matrices had been completed.

While NTIA staff stated that they anticipated the independent auditors would review the matching requirements as part of the annual single audit, OIG found that not all grant recipients would have their match tested. Of those entities that have filed single audit reports in prior years, 44 entities have grant awards below the level that would make it likely that the program would be tested as a major program.[8] If the NTIA award is not considered a major program it is unlikely that the matching share requirement will get tested during the course of the single audit.

Recommendation

We recommend that NTIA prepare guidance for FPOs to use in their review of recipient match documentation during the site visit process.

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[8] Office of Management and Budget (OMB) Circular A-133 places the responsibility for identifying major programs on the auditor and it provides criteria in Section .520 for applying a risk-based approach to the determination of which programs are higher-risk programs and therefore considered major programs.

IV. NTIA Must Develop a Strategy for Tracking Projects that Risk Missing the Three-Year Completion Deadline

The first BTOP NOFA states that projects must be "finished within three years of the date of award." The second NOFA contains similar language stating these deadlines. Based on both information received from NTIA and through OIG site visits, we are concerned recipients risk not meeting the program requirement for providing the expected project benefits within the three year time frame.

Infrastructure construction projects are among the highest risk for missing the three–year deadline. Of the seven site visits that OIG attended, four of them were broadband infrastructure construction projects; of those, all four are behind schedule. Seventy-five percent experienced issues with environmental assessment, while 50 percent experienced issues with subrecipients. (See table 4, which lists grants behind schedule and the reason for delays.) The recipients listed above represent over $460 million in federal funds granted, or roughly 13% of BTOP funds used toward grant awards. Therefore, NTIA must develop a strategy for ensuring that grant recipients complete their projects within the three-year time frame or establish a process for determining the appropriateness of no-cost extensions to projects or risk ending the program without completed construction work.

Table 4. Reasons for Broadband Projects at Highest Risk of Not Satisfying Three-Year Requirement

	Issues with environmental assessments	Issues with governance structure	Issues with subrecipients	Behind completion schedule
Recipient A	✓	✓	✓	✓
Recipient B	✓		✓	✓
Recipient C	✓			✓
Recipient D		✓		✓

Source: OIG

At the current rate of progress, several BTOP projects are in jeopardy of failing to comply with the completion requirements of their awards. During a June 28, 2011, quarterly management review with BAH, contractor staff stated that, when accounting for delays in clearing environmental assessments (EAs), approximately 25% of grants have no slack in their project timelines and approximately 15% of the grants have "negative slack" (i.e., several project timelines may not finish in the appropriate time frame without significant changes). In addition, as of August 31, 2011, 12 recipients still had not completed EAs. EAs must conclude before any ground-disturbing activity can commence; the inability to complete EAs in a timely fashion could leave federal dollars unspent and construction work at risk of not being completed.

Also, we found examples in which projects were plagued by issues associated with governance structure and subrecipient monitoring (see finding I).

Recommendations

We recommend that NTIA

1. Work with recipients at risk of failing to comply with the awards' progress and completion requirements to develop an action plan outlining revised completion dates that can be met; and

2. Develop alternative strategies for those awards that will not satisfy their award terms—possibly including project extensions or rescoping of projects.

V.   NTIA Needs to Initiate a Formal Trend Analysis Process for Its Grant Portfolio

NTIA does not have a formal trend analysis process in place to identify potential issues proactively within its grant portfolio. Effective management controls include having "[m]anagers at all activity levels review performance reports, analyze trends, and measure results against targets."[9] Before completing a formal trend analysis, NTIA management could utilize interim information obtained through ongoing trend analysis. This information can prompt timely and appropriate modifications to monitoring activities, to help NTIA address trends as they arise. If several recipients have experienced issues in the area of procurement, for example, NTIA management could assign resources to the procurement arena. Then NTIA could share resolution of that issue with NTIA staff and other recipients as a best practice. As NTIA does not expect initial site visits to conclude until mid-FY 2012, however, its management lacks the ability to identify and collect indicators necessary to identify developing trends.

Without ongoing and interim analysis, NTIA may forgo opportunities to identify and address trends and risks as they arise. During fieldwork, NTIA staff stated that they plan to conduct a formal trend analysis upon completing all site visits. Waiting until then to conduct a trend analysis greatly limits NTIA's ability to make timely monitoring adjustments. As a result of site visit observations and analysis of available documentation OIG has already identified several potential trends, including:

- Concerns with the recipient match validation and verification processes;

- Project delays related to EAs, primarily affecting CCI awards;

- Project delays resulting from the establishment of partnerships and agreements among recipients with multiple participants; and

- Projects that may be at risk of not meeting their grant terms.

Recommendation

We recommend that NTIA incorporate continuous trend analysis activities, using interim information, into its award monitoring process.

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[9] U.S. Government Accountability Office, August 2001. *Internal Control Management and Evaluation Tool*. Washington, DC: GAO, 35.

VI.   NTIA Needs to Maximize the Resources It Receives for Monitoring BTOP Awards

NTIA's approved FY 2011 budget for BTOP was approximately $19.8 million total. The pending FY 2012 House appropriations bill would provide $19.9 million for BTOP oversight. This includes approximately the same amount of funding for BTOP oversight as it had in FY 2011. However, according to NTIA, it will need $14 million to maintain its current level of contractor-supported services throughout the remainder of the fiscal year and follow-on support thereafter. If the final passed budget meets NTIA's request, NTIA would have the ability to fund an award oversight approach similar to what they have currently implemented.

Given the current budget environment, obtaining additional resources will likely prove challenging. Furthermore, the possibility exists that the upcoming fiscal year could begin under a Continuing Resolution. Funding will continue to be an issue in subsequent years, as the completion date of the last project awarded continues into September 2013, and beyond, if extensions to the grant period are provided. In particular, resources to fund contractor supported services—which NTIA relies on heavily—and award monitoring will fall into jeopardy. Examples of budget considerations include but are not limited to:

- NTIA's FY 2011 funding situation resulted in reductions in staffing and operations, which led to increased workloads for remaining NTIA staff and adjustments to monitoring priorities—and contributed to postponed initial site visits (including highest-risk awards) during the continuing resolutions.

- Initial site visits—beginning with highest risk awards—required postponement until final funding.

- NTIA did not fill all lost staff positions, leading to reassigned FPO responsibilities.

  o NTIA's FY 2012 funding level—if approved for an amount less than originally requested—would reduce funding to support monitoring activities such as BTOP staffing, site visits, and contractor resources. NTIA heavily relies on contract support for BTOP.

  o NTIA will need to obtain follow-on support from what Booz Allen Hamilton (BAH) provides.

  o Uncertainty related to the resource availability for contract work, after completion of BAH contract.

While NTIA has developed a reasonable framework for award monitoring, given current budgetary factors NTIA must develop alternative monitoring strategies. The findings discussed earlier in this report—related to strengthening monitoring activities, bolstering internal controls, improving the recipient match process, tracking at-risk projects, and initiating trend analysis—will help NTIA maximize the use of its resources. NTIA should develop strategies to address inquiries, investigations, and other issues likely to arise.

<u>*Recommendation*</u>

NTIA should identify oversight strategies for different funding levels (e.g., number of site visits and level of contractor support). These strategies should address any issues likely to arise as BTOP winds down (e.g., inquiries and investigations), while helping NTIA meet its current monitoring and oversight needs.

Other Issues

During the field work phase of this audit, OIG identified several areas of concern during a recipient site visit. OIG's concerns included:

- Financial and procurement management systems, policies, and procedures that were deficient; and

- Related internal controls, in particular segregation of duties that were severely inadequate or nonexistent.

Additionally, we were equally concerned about unclear organizational structures, roles, and responsibilities of the recipient, its subrecipient, and its vendors. The concerns warranted the issuance of a separate memorandum to address those specific concerns and provide OIG recommendations to remedy the situation. Our office will continue to monitor the progress of this recipient and others that are determined to be high-risk.

Summary of Agency Comments and OIG Response

In responding to our draft report, the Assistant Secretary for Communications and Information generally concurred with the recommendations in the report. The response summarizes the steps NTIA is taking to address the recommendations in the report.

NTIA noted in the response that it has implemented a "rigorous" monitoring and oversight plan for the BTOP grants to ensure that the projects are completed on time, stay within budget, and deliver the promised benefits to the communities they serve. Its focus has been on the oversight of high-risk projects.

NTIA indicated that they will implement report recommendations to the extent budget allows; several corrective actions have already been taken. NTIA stated that, with regard to "Bolstering Monitoring Tools' Internal Controls," they partially agree with one recommendation. The other recommendation has already been implemented. After issuing the draft report, OIG met with NTIA officials, who provided additional information that addressed some of our concerns. As such, we (1) slightly modified recommendations related to strengthening monitoring efforts, to be more precise, and (2) eliminated the recommendation for completing a cost–benefit analysis of PARS to determine whether to maintain the system. Also, the OIG has made some other minor modifications to the report based on information obtained from NTIA subsequent to the draft report.

NTIA has already taken steps to strengthen its oversight of BTOP awards and we encourage NTIA to continue to work with the Department, OMB, and Congress to secure funding to oversee the BTOP grant awards. We look forward to reviewing NTIA's action plan that addresses our concerns in greater detail.

Appendix A: Objective, Scope, and Methodology

We initiated this audit in November 2010 as part of our continuing oversight of NTIA's Broadband Technology Opportunities Program (BTOP). The objectives of our audit were to (1) assess the reasonableness of assigned monitoring levels and corresponding monitoring activities; (2) evaluate the effectiveness of desk reviews; (3) assess the adequacy of site visits; and (4) evaluate the effectiveness of the processes in place to adjust monitoring levels for specific recipients.

To satisfy these objectives, we reviewed BTOP compliance with applicable laws, regulations, policies, and procedures, including:

- The American Recovery and Reinvestment Act of 2009;

- The July 9, 2009 and January 22, 2010 Notice of Funds Availability for the Broadband Initiative Program and BTOP;

- Department of Commerce Updated Interim Grants Manual;

- FY 2011 BTOP Monitoring and Assessment Plan; and

- The Federal Program Officer Handbook: Post-Award Procedures, version 2.0.

To gain an understanding of NITA's monitoring efforts and records management, we reviewed BTOP monitoring systems, monitoring tools, and interviewed pertinent staff, including:

- The Customer Service Management (CSM) tool;

- The Post-Award Records System (PARS);

- NIST and NOAA grants management personnel; and

- NTIA officials

To review the results of NTIA's monitoring efforts, we reviewed performance progress and financial progress reports for background information and judgmentally selected data samples of infrastructure, public computer center, and sustainable broadband adoptions projects based on risk profiles and award type for verification from various BTOP sources to review and analyze, including:

- 7 program report reviews;

- 10 desk reviews; and

- 7 site visit reports

In addition, we supplemented audit work by several OIG staff members who were conducting two concurrent reviews:

- **Motorola/BayWEB BTOP award**—OIG conducted an inquiry of NTIA's management of complaints related to the BayWEB project, awarded to Motorola, Inc. for expansion of a public safety network in ten counties across the San Francisco Bay Area in California. Follow-up work is currently underway.

- **Match verification of BTOP awards**—OIG is currently reviewing NTIA's procedures that govern the verification of nonfederal match for BTOP awards. OIG staff members are analyzing documentation of a selected sample of grant recipients to determine whether NTIA has adequately verified federal matching share requirements.
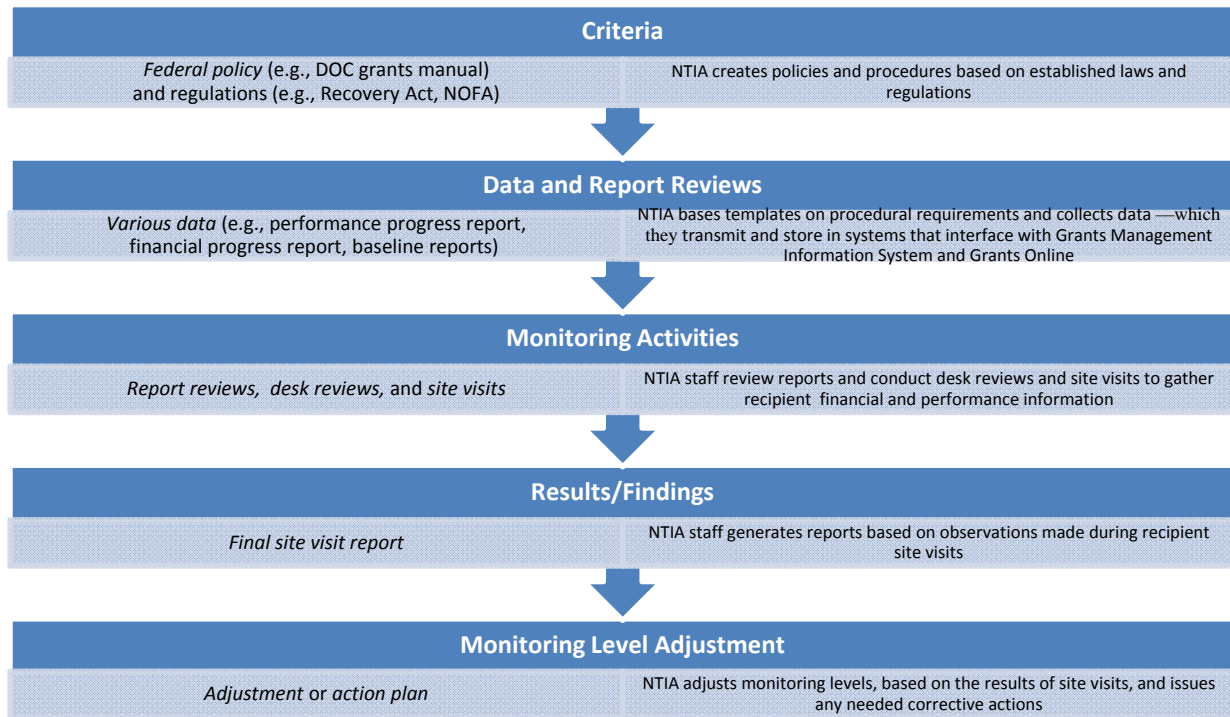
In order to assess the reliability of the data elements significant to our engagement objectives, we (1) interviewed agency officials who were knowledgeable about the Management Dashboard Tool (MDT) system, CSM tool, and PARS and its related components and data elements, and (2) reviewed documentation related to the systems and their related components and data elements.

In testing related to BTOP oversight of recipients we assessed the reliability of Grants Online and Grants Management Information System by interviewing officials knowledgeable about the systems and its data and reviewing related reports. We determined that the data were sufficiently reliable for the purposes of this report.

We performed our work in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We conducted our review from November 2010 through July 2011 under the authority of the Inspector General Act of 1978, as amended and the Department Organization Order 10-13. We performed our work at the Department of Commerce headquarters in Washington, D.C.; at NIST in Gaithersburg, Maryland; at NOAA in Silver Spring, Maryland; and various grant locations throughout the United States and its territories.

Appendix B: Overview of BTOP Monitoring Model

Criteria	
Federal policy (e.g., DOC grants manual) and regulations (e.g., Recovery Act, NOFA)	NTIA creates policies and procedures based on established laws and regulations

Data and Report Reviews	
Various data (e.g., performance progress report, financial progress report, baseline reports)	NTIA bases templates on procedural requirements and collects data —which they transmit and store in systems that interface with Grants Management Information System and Grants Online

Monitoring Activities	
Report reviews, desk reviews, and *site visits*	NTIA staff review reports and conduct desk reviews and site visits to gather recipient financial and performance information

Results/Findings	
Final site visit report	NTIA staff generates reports based on observations made during recipient site visits

Monitoring Level Adjustment	
Adjustment or *action plan*	NTIA adjusts monitoring levels, based on the results of site visits, and issues any needed corrective actions

Appendix C: Response to OIG's Draft Report

UNITED STATES DEPARTMENT OF COMMERCE
**The Assistant Secretary for Communications
and Information**
Washington, D.C. 20230

NOV 3   2011

The Honorable Todd J. Zinser
Inspector General
United States Department of Commerce
1401 Constitution Avenue, N.W.
Washington, DC 20230

Dear Mr. Zinser:

Thank you for the opportunity to reply to your October 4, 2011 draft report, *NTIA Has an Established Foundation to Oversee BTOP Awards, But Better Execution of Monitoring is Needed* (the Draft Report). I appreciate your office recognizing the significant steps that the National Telecommunications and Information Administration (NTIA) has made in establishing a comprehensive monitoring framework to ensure effective oversight of the Broadband Technology Opportunities Program (BTOP or the Program), a $4 billion grant program authorized by the American Recovery and Reinvestment Act of 2009 (Recovery Act). I assure you that we are taking every appropriate action to address the recommendations described in the Draft Report, subject to NTIA's funding limitations under the current continuing resolution.[1]

As the Draft Report notes, NTIA implemented a rigorous monitoring and oversight plan for BTOP grants to ensure projects are completed on time, stay within budget, and deliver the promised benefits to the communities they serve. This strategic framework includes a variety of effective tools, processes, and procedures that program officers, managers, and executive leadership employ to protect federal funds. The Program established monitoring levels for each of the 228 grants to focus oversight activities primarily on high-risk projects—and has already inspected documentation and equipment onsite with 103 projects encompassing $2.715 billion. We also coordinated effectively with the National Oceanic and Atmospheric Administration (NOAA) and National Institute of Standards and Technology (NIST) Grants Offices to suspend and terminate projects proactively before hard-earned taxpayer dollars are wasted.

We achieved a substantial level of oversight despite having limited federal staff and budget to perform this work. Our oversight plan is both rigorous and cost-effective, with annual administrative expenses representing less than one percent per year of the amount of the total grant portfolio. Thank you for your suggestions on ways to improve the administration of NTIA's oversight and monitoring of the BTOP portfolio. We note that the initial recommendations were revised as a result of subsequent discussions between BTOP staff and Office of Inspector General (OIG) staff. We recognize the importance of your recommendations and, as I outline below, we are taking a variety of immediate steps to address each of them.

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[1] *See* Continuing Appropriations Act for Fiscal Year 2012, P.L. 112-36 (2011).

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Strengthen Initial and Follow Up Monitoring Activities

First, the Draft Report recommends that NTIA revise the BTOP Federal Program Officer (FPO) Handbook to provide additional guidance to FPOs for progress report reviews in cases where report details are inconsistent with the FPOs' knowledge of a project. As part of their quarterly report desk reviews, FPOs often follow up with recipients with respect to inconsistent information. FPOs also require corrective action, such as performance improvement plans, which direct recipients to correct issues FPOs discover as part of their regular monitoring processes. Nevertheless, NTIA will more formally document a procedure in the BTOP FPO Handbook that requires FPOs to follow up on cases where performance reporting data is inconsistent with their existing knowledge of an award using appropriate mechanisms such as desk reviews or site visits.

Second, the Draft Report suggests that NTIA revise the FPO Handbook to emphasize the importance of diligent follow up to close out unresolved issues. In the Draft Report, the OIG indicated that certain Initial Desk Reviews (IDRs) appear to contain a number of unresolved issues. NTIA acknowledges that some findings from its IDRs were not comprehensively tracked or documented when the Program was standing up its post-award processes and procedures. In response to most of these issues, FPOs provided oral feedback directly to recipients during regular conference calls and also scheduled site visits to address issues in person, since the Site Visit Checklist incorporates many of the same issues as the IDR. NTIA also issued extensive programmatic guidance for recipients to follow, such as the BTOP Recipient Handbook and various fact sheets (*e.g.*, subrecipient versus vendor, subrecipient monitoring, match valuation, Davis-Bacon, Federal interest, and audits). In addition, NTIA offered webinars and drop-in calls on various compliance issues, including the OIG's February 3, 2011 BTOP webinar on subrecipient monitoring. NTIA agrees that FPOs should follow up on any unresolved issues, including providing corrective action, as needed. We will therefore provide guidance in the next edition of the FPO Handbook on documenting both issues that FPOs uncover during monitoring activities and the resolution of those issues.

Third, the Draft Report recommends streamlining the BTOP Site Visit Checklist to provide time for FPOs to verify source documents. Effective June 1, 2011, NTIA streamlined portions of the BTOP Site Visit Checklist and modified it to include a list of "Required Documents," indicating which documents recipients should be prepared to make available to their FPO. Prior to a site visit, BTOP staff reviews this list and selects which documents a recipient should provide so that FPOs can spend additional time verifying those source documents. NTIA directs FPOs also to select some "Required Documents" at random to ensure that the recipient has key documents available and not solely those items that NTIA has pre-selected.

Finally, the Draft Report recommends that NTIA conduct a training session for FPOs on revised procedures to ensure consistency in the use of monitoring tools and execution of monitoring activities. NTIA agrees with this recommendation and will conduct a training session on any additional monitoring tools and updated guidance during the first quarter of fiscal year 2012 (FY12).

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Bolster Monitoring Tools' Internal Controls

The Draft Report recommends that NTIA create a protocol for the use of the Customer Service Management (CSM) tool to limit user access, document users, and establish a consistent file-naming convention. The BTOP CSM tool is a SharePoint product that NTIA uses to capture and track major programmatic or project issues; to provide background information on issues; and to escalate issues to the necessary subject matter expert, team lead, or BTOP leadership for resolution. The CSM tool also allows BTOP to identify key and emerging issues, enabling staff to address them proactively. NTIA limits the CSM to users enrolled in the Active Directory, which consists of FPOs, team leads, BTOP leadership, and contractor staff.[2] As a result, NTIA does not believe an additional security protocol is necessary. NTIA will, however, create a consistent file-naming convention.

In addition, the Draft Report suggests that NTIA complete a cost-benefit analysis of the Post-Award Records site (PARs) to determine whether to maintain the system. NTIA conducted a cost-benefit analysis during the initiation phase of PARs and determined that the benefits to develop and deploy a collaborative site exceeded the costs. Under this analysis, NTIA found that PARs requires minimal maintenance of approximately two hours per month. NTIA generally conducts this maintenance as part of a larger system upkeep effort for the BTOP SharePoint platform (*i.e.*, Post Award Management system, Management Dashboard Tool). Because PARs serves as a SharePoint-based repository for all post-award documentation, NTIA views the availability of PARs as cost-effective and necessary to conduct our work. FPOs can use PARs while on site visits or teleworking, and staff who work outside of the Commerce Department main building, including contractor support, are also able to access PARs remotely. PARs also contains version control for all documents uploaded to the site to allow users to access the latest document and to retrieve previous versions seamlessly. Finally, PARs contains controls similar to those noted for CSM above, including limited user access to the site.

Continue to Improve Recipient Match Review Processes

The Draft Report also recommends that NTIA prepare guidance for FPOs to use in reviewing recipients' match requirements during site visits. The existing BTOP site visit package for awardees includes questions regarding recipient's match, as well as the valuation of recipient contributed or in-kind match. Further, the current Site Visit Checklist contains questions that FPOs use to review recipient's match requirements.

NTIA, however, will revise its site visit package to include requests for documentation supporting match valuation. To the extent that NTIA identifies match concerns as part of the program's regular oversight, we will also seek additional match information for specific cases, as needed.

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[2] The Active Directory is a directory service that serves as a central location for network administration and security. It is responsible for authenticating and authorizing all users and computers within a network, assigning and enforcing security policies for all computers in a network, and installing or updating software on network computers. When a user logs into a computer that is part of a Windows domain, it is the Active Directory that verifies the user's password and specifies whether he or she is a system administrator or normal user.

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Develop Strategy for Tracking Projects that Risk Missing the Three-Year Completion Date

First, the Draft Report recommends that NTIA work with recipients at risk of failing to comply with their awards' progress and completion requirements to develop action plans outlining revised completion dates that recipients can meet. NTIA concurs with the finding in the Draft Report and is taking several actions to implement this recommendation.

BTOP staff regularly evaluates the progress of each project against the completion goals established in its award and baseline projections. As performance reports are received for recipients each quarter, Program staff evaluates report data to consider whether projects are ahead, behind, or in-line with their schedules, based on several dimensions:

- Federal expenditures
- Match expenditures
- Progress against applicable Key Performance Indicators (Network Miles, Community Anchor Institutions Connected, Public Computer Center Workstations, Sustainable Broadband Adoption Subscribers)

In addition, BTOP staff assesses the progress of recipients from their quarterly performance reports against the milestone targets established in their baseline projections. These assessments provide a more granular view of project activities to aid Program staff in diagnosing progress and trends. In cases where BTOP staff identifies a risk, the FPO addresses the concern with the recipient and reports back on the recipient's activities to mitigate the risk (*e.g.*, parallel construction activities, hiring additional personnel).

Second, the Draft Report recommends that NTIA develop alternative strategies for those projects that will not satisfy their award terms, including project extensions or rescoping of projects. Given recent guidance from the Office of Management and Budget (OMB), NTIA is not currently considering grant recipient requests for extensions.[3] NTIA will evaluate the ability of recipients to complete their projects within the award period and consider whether corrective action is necessary to ensure recipients comply with grant terms and conditions as described in their awards.

Initiate a Formal Trend Analysis Process for BTOP Grant Portfolio

The Draft Report recommends that NTIA incorporate continuous trend analysis activities into its award monitoring process. This finding is based partially on a suggestion made to NTIA staff in May 2011 that BTOP conduct a trend analysis of site visit findings and best practices at the conclusion of the Program's first round of BTOP site visits. Since OIG originally made that suggestion, NTIA has undertaken trend analysis of site visit results and has continually analyzed trends across the program and provided such reports to OIG.

Since NTIA began its monitoring efforts, we have conducted trend analyses and proactively engaged in ongoing performance monitoring and a portfolio review of BTOP projects. NTIA's

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[3] *See* Office of Management and Budget Memorandum 11-34, *Accelerating Spending of Remaining Funds from the American Recovery and Reinvestment Act for Discretionary Grant Programs* (Sept. 15, 2011).

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efforts include a data analytics team that performs weekly, monthly, and quarterly analyses to track recipient performance and to identify trends among grant recipients, monitoring activities, and report procedures. The team also engages in one-time analyses to identify new trends and information. This information is used by senior management and executive leadership for two purposes: (1) to assess whether NTIA has properly allocated its resources; and (2) to determine what corrective action might be appropriate to ensure recipients' continued compliance with grant terms and conditions.

The table below indicates the types of reports that the team delivers, as well as the audience for each report.

Analysis/ Review	Contents	One Time/ Recurring	Period	Audience
BTOP Weekly Status Report	• Drawdown Status by Portfolio • EHP Status • Site Visit Status by Portfolio • Match Review Process Status by Portfolio • Status of Potential CCI Overlap Occurrences • Audit Status by Portfolio	Recurring	Weekly	BTOP Leadership Team
BTOP CCI & PCC/SBA Team Lead Workbooks	• Federal Expenditure Quarterly Trend Analysis • Key Performance Indicator (KPI) Trend Quarterly Analysis • Drawdown Trend Analysis • Special Award Condition/Amendment/AAR Progress • Program Income Analysis	Recurring	Weekly	CCI & PCC/SBA Leadership Team
Portfolio Drawdown Analysis Report	• Recipient Drawdown Analysis by Portfolio	Recurring	Weekly	CCI & PCC/SBA Leadership Team
BTOP Portfolio Federal Expenditure & Key Performance Indicator Analyses	• Overview of recipients' quarterly performance compared to Federal Expenditure and KPI baselines, as well as Match requirements • Analysis of recipient performance trends across quarters	Recurring	Quarterly	BTOP Leadership Team

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Analysis/ Review	Contents	One Time/ Recurring	Period	Audience
EA Construction Delay	• Overview of recipient construction schedule delays resulting from EA requirement	One-Time	One-Time	CCI Leadership Team
Recipient Report Submission Status	• Status of recipient compliance with Federal quarterly reporting requirements	Recurring	Quarterly	BTOP Leadership Team
CCI Post FONSI Analysis	• Overview of CCI recipient Federal Expenditure trends during time period following FONSI receipt	Recurring	Quarterly	CCI Leadership Team
BTOP Recipient Cost Efficiency Analyses	• Analysis of quarterly recipient spending per job created across each key performance indicator	Recurring	Quarterly	CCI & PCC/SBA Leadership
BTOP Weekly Issues Report	• Overview of Portfolio-wide Emerging Recipient Issues, Recipient Organizational Capacity Issues, and Other Issues provided for leadership awareness	Recurring	Weekly	BTOP Leadership Team
BTOP Project Completion Analysis	• Review of anticipated project completion dates and necessary adjustments due to project delays	One-Time	One-Time	BTOP Leadership Team
BTOP Ahead-InLine-Behind Analysis	• Overview of recipient quarterly deviation from baseline plans and match requirements by Portfolio	Recurring	Quarterly	BTOP Leadership Team
Recipient Reprojection Analysis	• Analysis of BTOP Recipient reprojection accuracy each quarter	Recurring	Quarterly	BTOP Leadership Team
Two-Thirds Completion Analysis	• Overview of BTOP Recipient 2/3rds-complete dates and anticipated progress by that date	One-Time	One-Time	BTOP Leadership Team
Financial Alignment Report	• Analysis of recipient expenditure reporting variances across ARRA, PPR, and FFR quarterly reports	Recurring	Quarterly	BTOP Leadership Team

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In addition, the data analytics team engages in weekly communications with the BTOP operations staff (FPOs and contractor support staff). First, data analytics team members work with the operations and leadership teams to understand their challenges and needs, to identify new reports or analysis to support their activities, and to document concerns about recipient data or deliverables. In addition, the data analytics team pushes information out to the operations and leadership teams. This includes reporting deliverables, discussion of emerging trends, inconsistencies, and emerging issues on recipient data. This regular interaction ensures that reports and analyses are aligned with the Program's needs. It also facilitates "data calls," for which new information from BTOP staff or recipients is needed to evaluate or respond to an emerging issue.

Maximize Resources for Monitoring BTOP Awards

The Draft Report recommends that NTIA identify oversight strategies for different funding levels (*e.g.*, number of site visits, level of contractor support). NTIA received an additional $19.8 million in fiscal year 2011 (FY11) for costs associated with the Broadband Programs authorized under the Recovery Act. This funding, along with ongoing contract services supported with the prior year's funding, allowed NTIA to implement a sound grants oversight and technical support plan for FY11. NTIA continues to evaluate the impact that various funding scenarios may have on its ability to monitor and administer the BTOP during FY12 and beyond. NTIA staff has prioritized BTOP monitoring and administration activities, identifying tasks and efforts that would need to be curtailed or eliminated for certain funding scenarios, as well as the risks associated with such changes to current activities. NTIA will continue to evaluate those plans over time and adjust its grants oversight and technical support as our specific funding level becomes known.

For FY12, NTIA is working with the Department of Commerce (DOC), OMB, and Congress to continue to secure funding for BTOP and its monitoring and oversight activities. In addition, NTIA continues to evaluate its various monitoring actions, including monitoring calls, desk reviews, and site visits under various staffing and budget scenarios. NTIA developed the FY11 BTOP Monitoring Plan using a risk and resource-based approach. NTIA is in the process of modifying the BTOP Monitoring Plan for FY12. NTIA anticipates having to prioritize or reduce monitoring activities under certain funding scenarios and will implement any such changes using a risk-based approach. NTIA continues to believe that our funding request is a cost-effective means to protect over $4 billion in taxpayer investments in our future infrastructure needs. Without adequate resources, hard-earned taxpayer funds are put at risk because NTIA will not have the means necessary to oversee these complex and large-scale initiatives. A single project failure would cost the taxpayers more than NTIA's proactive investment in strategic and risk-based monitoring. Adequate oversight remains necessary to ensure a robust return on investment in the benefits these projects, when complete, will provide to communities across the nation.

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I look forward to continuing to work with you as NTIA carries out this important program to expand broadband capabilities in the United States, create jobs, and lay a new foundation for economic growth in America. If NTIA may be of further assistance, please contact Milton Brown, NTIA's Liaison to the OIG, at (202) 482-1853.

Sincerely,

Lawrence E. Strickling

cc: Ann Eilers, Principal Assistant Inspector General for Audit and Evaluation
        Anthony Wilhelm, Deputy Associate Administrator, Office of Telecommunications and
        Information Application, NTIA
        Milton Brown, NTIA Audit Liaison
        Katie McKevitt, Project Lead, Recovery Act Task Force, OIG
        Chris Rose, Senior Auditor, Recovery Act Task Force, OIG
        Aimee Meacham, NTIA