



*National
Telecommunications and
Information Administration*

*Broadband Program
Faces Uncertain Funding,
and NTIA Needs to Strengthen
Its Post-Award Operations*

Final Report No. OIG-11-005-A

November 4, 2010

FOR PUBLIC RELEASE

Office of Audit and Evaluation






UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

November 4, 2010

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

FROM: Ann C. Eilers 
Principal Assistant Inspector General
Office of Audit and Evaluation

SUBJECT: Broadband Program Faces Uncertain Funding, and NTIA
Needs to Strengthen its Post-Award Operations
Final Audit Report No. OIG-11-005-A

This memorandum transmits our final report on the National Telecommunications and Information Administration's (NTIA's) efforts to establish an effective post-award process for the Broadband Technology Opportunities Program (BTOP).

We discussed our findings with senior BTOP officials on August 4, 2010, and provided you with a draft report on September 24. In the draft report, we expressed our concern that there was no authority or funding to provide oversight of BTOP grants beyond September 30, 2010, and that while NTIA has made significant progress with its post-award operations, additional steps are needed to ensure effective oversight of a portfolio of about \$4 billion in grant awards. Since the draft report, our concerns have increased because the continuing resolution NTIA is operating under did not include funds to administer BTOP and monitor the more than 230 grants that have been awarded.

Your October 22 response to our draft report affirms that NTIA is taking appropriate action to address the recommendations in the report and discusses steps that it has initiated. The response provides details about the lack of funding for grant oversight, and expresses NTIA's concern that its ability to maintain BTOP after the continuing resolution expires on December 3 will depend upon Congress taking action before that date to appropriate adequate funding for FY 2011. We share your concern that a lack of oversight funding and its impact on NTIA's oversight of the awards substantially increases the risk of delay in grant projects and jeopardizes NTIA's ability to guard against waste, fraud, and abuse. Therefore, we encourage you to work with the Department, the Office of Management and Budget, and Congress to secure funds to administer the program. We summarize your response in our audit report and have included it in its entirety

as appendix B. Also, we are pleased that NTIA has already taken steps to address the deficiencies we noted in our draft report.

In accordance with Department Administrative Order 213-5, please provide us with an audit action plan within 60 days of the date of this memorandum. Please accept our thanks to NTIA and its operating units for the courtesies shown to us during our field work. If you have any questions, please contact me at (202) 482-2754 or Chris Rose at (202) 482-5558.

cc: Scott Quehl, Chief Financial Officer and Assistant Secretary for Administration
Kathy Smith, NTIA Chief Counsel



Report In Brief

U.S. Department of Commerce Office of Inspector General

November 4, 2010



Why We Did this Review

The Broadband Technology Opportunities Program (BTOP) is the largest grant program that the National Telecommunications and Information Administration (NTIA) has managed to date. With BTOP, NTIA has had to confront a number of challenges, including staffing a program office, developing rules and regulations, coordinating development activities with other departments and agencies, awarding grants, and performing effective oversight of activities.

We initiated this review in April 2010 as part of our continuing oversight of the BTOP grant award process. Our audit examined NTIA's efforts to develop and implement effective policies and procedures, systems, and post-award oversight.

Background

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 into law. The Recovery Act gave \$4.7 billion to NTIA to establish BTOP, a competitive grant program intended to provide funds for deploying broadband infrastructure in unserved and underserved areas of the United States, enhance broadband capacity at public computer centers, improve access to broadband services for public safety agencies, and promote sustainable broadband adoption projects.

Almost \$4 billion in BTOP grants were awarded in time to meet the Recovery Act deadline of September 30, 2010. The act did not provide for funding after that date; therefore, BTOP is operating under a continuing resolution until December 3. After December 3, NTIA will be faced with very limited resources with which to perform post-award monitoring, support of grantees, and prevention of fraud, waste, and abuse.

American Recovery and Reinvestment Act

Broadband Program Faces Uncertain Funding, and NTIA Needs to Strengthen Its Post-Award Operations (OIG-11-005-A)

What We Found

NTIA has completed both funding rounds of its broadband grant awards. By September 30, 2010, NTIA had made almost \$4 billion in awards to over 230 recipients, making BTOP the largest grants program NTIA has ever managed. With the announcement of the last awards, NTIA's focus has shifted to monitoring this diverse portfolio of grants, which were awarded to a wide variety of recipients, including public entities, for-profits, nonprofits, cooperative associations, and tribal entities. While NTIA has been proactive in its establishment of a post-award oversight program, we did find the following causes for concern:

1. NTIA has developed many new processes to assist BTOP's program office and grant recipients with post-award activities, but the program will have no federal funding source after December 3, 2010. This lack of future funding will hinder the agency's efforts to provide effective long-term oversight of grants, as NTIA will not be able to maintain the comprehensive oversight program it developed to monitor BTOP. Reduced monitoring may mean that NTIA will be less able to ensure that the grant projects successfully meet program objectives. NTIA will have to prioritize its future oversight activities carefully so that long-term program monitoring does not suffer.
2. Despite the potential lack of funding, NTIA's post-award monitoring and oversight practices need to be strengthened in several ways. First, some agreements with other Commerce agencies are unclear and have not been carefully managed. In addition, there is a knowledge gap between the staff of the contractor that designed BTOP's software systems and the NTIA staff who must maintain the systems. NTIA also does not have a robust means for tracking employee training and development. While NTIA has created new manuals and guidance to help employees and grantees understand BTOP, several of the manuals lack important details about policies and procedures. Finally, some aspects of award monitoring are not being completed promptly or efficiently.

What We Recommended

We made several recommendations to NTIA with the intention of improving internal controls, promoting transparency, and increasing efficiency. According to NTIA's response to our draft report, the agency is taking many of our recommendations into consideration. Based on the agency's response, our current recommendations include:

- managing the future lack of funding for BTOP by developing alternative approaches to monitoring and oversight, and revising manuals and documentation accordingly; and
- ensuring that agreements with other agencies, manuals and guidance, training and development, and monitoring procedures are clearly documented and fully adhered to.

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Introduction

On February 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 into law.¹ The Recovery Act gives the Department of Commerce's National Telecommunications and Information Administration (NTIA) \$4.7 billion to establish the Broadband Technology Opportunities Program (BTOP).² BTOP is a competitive grant program intended to provide funds for deploying broadband infrastructure in unserved and underserved areas of the United States, enhance broadband capacity at public computer centers, improve access to broadband services for public safety agencies, and promote sustainable broadband adoption projects. BTOP appropriations and uses of funds are broken down in table 1.

Table 1. BTOP Funding: Appropriations and Actual Fund Use

Category	Appropriation ^a (in millions)	Actual (in millions)
Broadband Infrastructure	\$ 3,729	\$3,485
State Broadband Data and Development Program	350	312
Sustainable Broadband Adoption	250	251
Public Computer Center	200	201
Rescission	-	302
Other ^b	171	147
Total	\$ 4,700	\$ 4,698

Source: OIG, based on NTIA data.

^a Includes "up to" amount for State Broadband Data and Development program, "not less than" amounts for Sustainable Broadband Adoption and Public Computer Center grants, transfer of \$10 million to OIG for oversight, up to \$141 million for administrative expenses, and transfer to Federal Communications Commission of funds needed to develop a national broadband plan.

^b Includes transfer to OIG, transfer to Federal Communications Commission, and administrative expenses. Figures have been rounded.

Because BTOP is a new program, NTIA has had to confront a number of challenges involved in implementing it, including staffing a program office, developing grant program rules and regulations, coordinating development activities with other departments and agencies (such as the Department of Agriculture and the Federal Communications Commission), awarding a contract to provide program support, awarding grants, initiating award monitoring, and

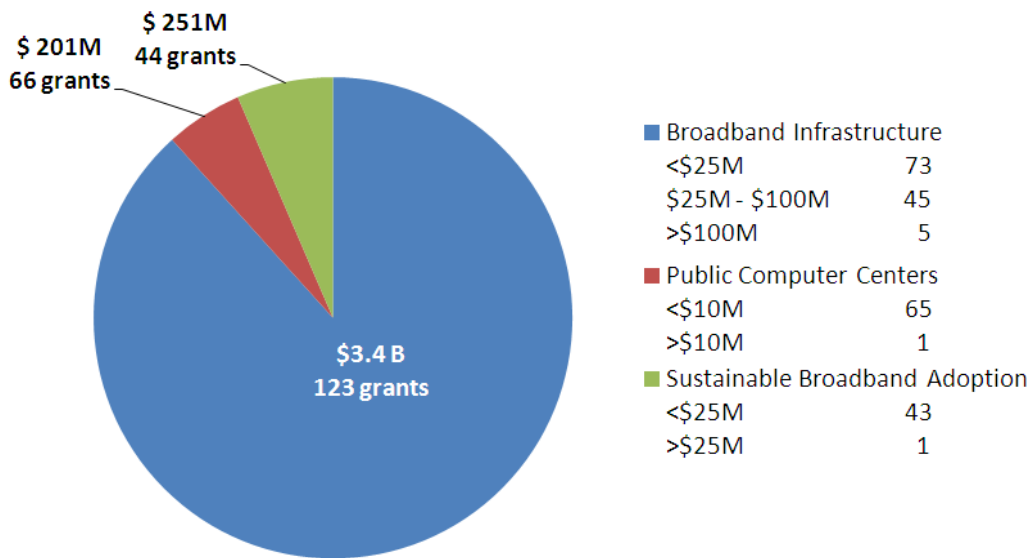
¹ Pub. L. No. 111-5, § 6001, 123 Stat. 115 (2009).

² A recent public law rescinded \$302 million from the Broadband Technology Opportunities Program. Pub. L. No. 111-226, § 302, 124 Stat. 2404 (2010).

performing effective oversight of activities. Expenditures to develop and manage this new program were limited to 3 percent of the program appropriation (\$141 million).

The Recovery Act required all awards to be made by September 30, 2010, and did not provide additional funding after that date. As of September 30, NTIA had made around \$3.9 billion in Broadband Infrastructure, Public Computer Center (PCC), and Sustainable Broadband Adoption (SBA) awards, and had reached its funding target for PCC and SBA projects. Figure 1 presents the total number and dollar amount of awards for infrastructure, PCC, and SBA as of September 30, and provides insight into the size of specific awards by each category.

Figure 1. BTOP Awards, as of September 30, 2010



Source: OIG

As shown in figure 1, infrastructure projects are generally the largest dollar awards (some are for over \$100 million) and present a challenge in that they generally necessitate the completion of an environmental assessment. Environmental assessments require months to complete, and because programs need to be substantially complete (meaning awardees have met 67 percent of their milestones and received 67 percent of their funding) within 2 years and fully complete within 3 years, the resulting delays can affect project timelines. Of the 233 awards made as of September 30, 2010, more than 100 (representing nearly \$3.1 billion in funding) will require environmental assessments to be completed before certain actions related to the project can be performed. As of October 8, 31 draft environmental assessments had been submitted to NTIA and 11 had been finalized.

As the process to award grant funds has ended, NTIA will now be responsible for overseeing a diverse portfolio of awards that will present several new challenges. For example, BTOP awards have been made to many different types of recipients, including public entities, for-profits, nonprofits, cooperative associations, and tribal entities. Table 2 (on the next page) identifies the diverse set of award recipients with which NTIA will be working. This will be the first time that

NTIA has made awards to for-profit companies, which represent approximately 25 percent of BTOP awards. Awards also differ in terms of experience of the recipient in administering federal awards, the size of the award, and the need to satisfy special award conditions such as environmental requirements.

Table 2. BTOP Funding by Entity Type

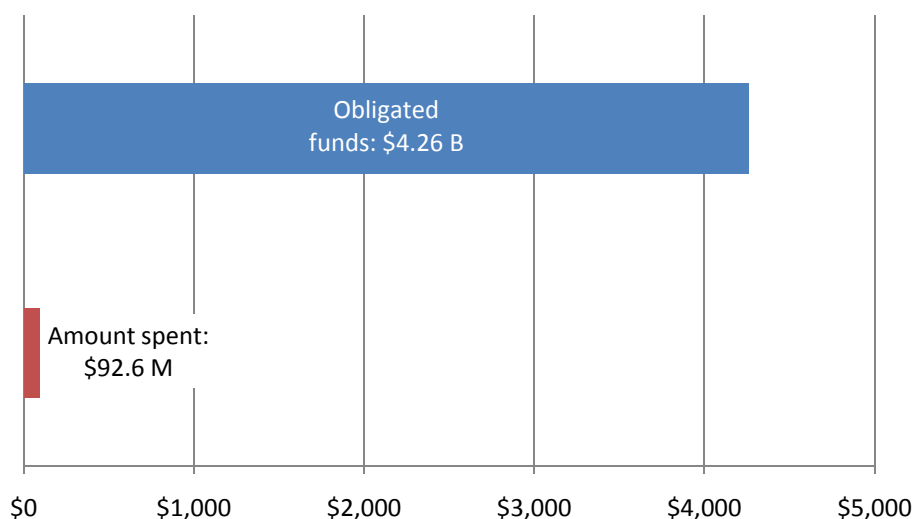
Entity Type	Number of Grants	Funding Amount (in millions)	% of Total Funding to Date
Public	109	\$1,937	49.2
Non-Profit	58	831	21.2
For-Profit	50	813	20.7
Cooperative ^a	10	310	7.9
Tribal Entity	6	45	1.1
Total	233	\$3,936	100.0

Source: OIG

^a Cooperative refers to member-owned organizations that provide members with telecommunication services.

The spending rate of BTOP funds will also need to be closely monitored. As of September 30, 2010, the following obligations and expenditures had occurred with respect to BTOP awards, and total funds committed to BTOP were \$4.26 billion (see figure 2). Not only has \$3.94 billion in federal funds been obligated for awards, but recipients also have pledged a match of \$1.42 billion, representing about 36 percent of total BTOP funding.

Figure 2. BTOP Obligations & Expenditures as of September 30, 2010



Source: OIG

Monitoring such a large and diverse portfolio of awards will require significant attention. NTIA has been developing a proactive approach to monitoring BTOP awards while concurrently accepting, reviewing, and announcing additional awards. With the announcement of the last awards, NTIA's focus will be on monitoring its portfolio of awards. Therefore, NTIA has taken an aggressive posture in establishing a post-award program that will involve several elements:



1. Establishing post award team and developing systems/policies/procedures. NTIA dedicated staff to serve as federal program officers (FPOs) to monitor BTOP grants, developed several guidance manuals, provided training to guide the FPOs in their oversight efforts, and implemented two systems to monitor and oversee grant projects. We will discuss NTIA's efforts further in our second finding.
2. Issuing grants and providing award packages to recipients. Each recipient received a welcome package containing an overview of BTOP, guidance on the next steps to be taken, and identification of their assigned FPO. These welcome packages were followed by individual calls from the FPOs, orientation conferences, and "drop-in" conference calls.
3. Providing training and technical support to recipients. NTIA personnel have actively supported BTOP recipients by providing them with training and technical assistance, including a post-award workshop and multiple webinars on such topics as compliance, procurement, and program performance reporting.
4. Monitoring special award conditions and recipient reporting. BTOP maintains a spreadsheet to monitor recipients' special award conditions (SACs) relating to such issues as environmental compliance and accounting system verifications that must be met, and identified a series of progress reports that must be provided. We will discuss SACs further in finding II.E.
5. Performing desk reviews and site visits. Site visits and desk reviews (reviews by FPOs of recipient-submitted performance and financial reports and other data available to the program office), will be the two principal tools NTIA will use to monitor the progress of recipients.

Under the Recovery Act, inspectors general are expected to be proactive in their oversight and focus on prevention. To meet this expectation, we provided guidance to NTIA on establishing appropriate internal controls; we also participated in the workshops supporting the first and second funding rounds, briefing potential applicants about the Recovery Act's accountability and transparency requirements; and in a post-award workshop, briefing recipients on pertinent issues and on fraud prevention.

In our initial report on BTOP, *National Telecommunications and Information Administration: NTIA Must Continue to Improve Its Program Management and Pre-Award Process for Its Broadband Grants Program* (April 2010), we stated that NTIA needed to ensure sufficient staff to run the program; improve the documentation of policies, procedures, and management decisions; overcome system challenges encountered in the first round; and closely monitor

compliance with environmental laws during post-award. NTIA has been responsive to these recommendations.

In April 2010, we continued our oversight by initiating this audit of NTIA's post-award efforts to implement systems, develop policies and procedures, and establish an oversight organization. Appendix A of this report outlines the objectives, scope, and methodology we followed for the review. OIG is also working with NTIA to develop a program-specific audit guide for BTOP award recipients that are for-profit entities.

Findings and Recommendations

I. Uncertain Funding Poses a Challenge to NTIA's Oversight of Broadband Grants

Recipients of infrastructure project funding have up to 2 years to substantially complete projects and up to 3 years to fully complete projects. Therefore, some projects are not expected to be complete until 2013, and NTIA will need to provide continued oversight of the grants for several years after they are issued. However, the Recovery Act does not provide budget authority for BTOP-funded projects beyond the September 30, 2010, deadline for issuing funds. NTIA requested approximately \$24 million in funding for grant monitoring from Congress for FY 2011, but a budget was not approved; therefore, NTIA is operating under a continuing resolution until December 3, 2010.

The continuing resolution did not provide funds to operate BTOP. Instead, NTIA is operating the program through a deficiency apportionment authorized by the Office of Management and Budget. While this apportionment does not provide additional dollars beyond what is approved in the continuing resolution, it does enable NTIA, in its judgment, to spend at a rate that will allow the program to be maintained through December 3. However, NTIA is concerned that without sufficient funding, its ability to effectively administer the program beyond that date will be threatened.

The uncertainty regarding oversight funding for FY 2011 raises significant concerns about the adequacy of future BTOP oversight. Without sufficient resources, NTIA will be challenged to monitor its diverse awards, and it will also be unable to provide the comprehensive oversight program that it has developed to monitor BTOP. Moreover, NTIA has invested time and effort in training BTOP staff, developing and implementing the tools needed to perform grant monitoring, and training and providing grant implementation guidance to grantees. The potential effects of reduced award monitoring include a decreased capability to minimize waste, fraud, and abuse. Reduced monitoring may also result in a lessened ability to ensure that the grant projects successfully meet program objectives. NTIA will have to prioritize its future oversight activities carefully so that long-term program monitoring does not suffer.

In its August 2010 report *Recovery Act: Further Opportunities Exist to Strengthen Oversight of Broadband Stimulus Program*, The U.S. Government Accountability Office (GAO) recommended that to ensure effective monitoring and oversight of BTOP, NTIA should incorporate into its monitoring plans ways to address the variability in funding levels for post-award oversight beyond September 30, 2010.³ We concurred with GAO and recommended that NTIA develop alternative oversight approaches based on different potential funding levels; NTIA will also need to modify its documents outlining its monitoring and oversight approaches to reflect the funding levels it eventually receives.

In its *FY10 BTOP Monitoring Plan*, NTIA defined a comprehensive award oversight approach that involves monitoring, program reporting, and technical assistance. NTIA officials stated that their ability to implement the plan is contingent upon receiving the funds it requested for FY

³ GAO, August 2010. *Recovery Act: Further Opportunities Exist to Strengthen Oversight of Broadband Stimulus Programs*, GAO-10-823, p. 31.

2011. In its October 22, 2010, response (see appendix B) to our draft report, NTIA stated that it is now determining the feasibility of operating at the lower funding levels proposed by congressional appropriations committees prior to the enactment of the continuing resolution.

Recommendations

We recommend that NTIA

1. develop alternative approaches to monitoring and oversight based on different funding levels; and
2. revise its monitoring plan and FPO and recipient handbooks to reflect the steps to be performed with the funding received.

II. Post-Award Monitoring and Oversight Need to Be Strengthened

After September 30, 2010, NTIA will be responsible for monitoring a portfolio of grant awards that is larger and more diverse than it has previously overseen. NTIA has made significant progress in establishing systems to facilitate grants administration and management; developing comprehensive policies, procedures, and processes to oversee BTOP; and establishing a program office to monitor and manage the BTOP grant awards. However, we identified several areas where NTIA should strengthen its grant monitoring and oversight:

- memorandums of understanding (MOUs) with other Commerce bureaus supporting NTIA's administration and oversight of the agreements;
- vendor management oversight;
- post-award policies and procedures;
- internal controls over professional development and training; and
- monitoring of grant recipients.

A. Memorandums of Understanding with Commerce Agencies Are Unclear, and NTIA Has Not Been Overseeing the Agreements Carefully

Lacking a grants management office of its own, NTIA entered into a \$4.15 million MOU with the National Oceanic and Atmospheric Administration (NOAA) and a \$2.23 million service level agreement with the National Institute of Standards and Technology (NIST) to provide grants administration and management services for BTOP. NOAA manages infrastructure grants while NIST manages PCC, SBA, and State Broadband Data and Development (mapping) grants. Responsibilities of and relationships between these parties must be clearly understood, as only the grants officers at NOAA and NIST can approve or issue amendments to grant awards.

We reviewed the two interagency agreements. The MOU details the roles and responsibilities of each agency; however, the service level agreement for NIST describes the relationship with and obligations to NTIA in more general terms than the agreement with NOAA. Specifically, we found that the agreement with NIST does not specify the deliverables it is expected to produce

for NTIA. Additionally, the service level agreement does not clearly detail roles and responsibilities of each agency, nor does it state any method for measuring performance under the agreement.

The *Commerce Acquisition Manual* states that for interagency agreements, “the parties must collaborate effectively in order to establish a strategy to apply acquisition processes and tools in the most effective manner possible.”⁴ Therefore, it is essential that interagency agreements outlining roles and responsibilities (e.g., MOUs and service level agreements) are clear to the parties and that effective oversight of the agreements is performed.

While the MOU with NOAA more clearly documents the roles and responsibilities of the parties, NTIA expressed frustration with the difficulties it encountered obtaining financial information from the NOAA grants office. NTIA staff indicated that they did not receive sufficient accounting information on time spent and work generated by grants office staff processing grants. NTIA uses this accounting information to track the amounts it spends on staffing and to plan for funding from the grants management office over the remainder of the program lifecycle. Without adequate accounting information, NTIA management cannot effectively oversee the funds spent to date, nor will they be able to provide justification for funding requests in future years.

These issues are of particular concern because NTIA has not demonstrated rigorous monitoring of the agreements. For example, the BTOP program office is ultimately responsible for monitoring agreements with other federal agencies. However, as of August 4, 2010, the BTOP program office stated that it had only recently received cost information on the services provided by the NIST grants office. Also, we were told that NTIA does not have an oversight plan for the agreements with these other federal agencies. NTIA officials told us that the level of oversight was limited because they did not consider implementation of the agreements to be a high-risk area. Only after the agencies have reached an understanding on what the agreements represent, and after NTIA has performed a thorough analysis of NOAA’s and NIST’s charges, can NTIA management be certain that the best work is being done with the limited administrative funds available.

While NTIA’s payments to NIST and NOAA for grants management services represent a small portion of program costs, the program must have the benefit of thorough oversight. Moreover, the relationships with the grants offices need to be addressed, as most awards are expected to be open for 3 years, and mapping grants for 5 years, beyond September 30, 2010.

Recommendations

We recommend that NTIA

1. ensure that roles, responsibilities, and deliverables are clearly defined in interagency agreements; and
2. develop and follow a plan to oversee services performed by other federal agencies and on behalf of NTIA.

⁴ U.S. Department of Commerce, April 2010. *Commerce Acquisition Manual*.§ 1317.570, p.10.

B. NTIA Staff Members Have Not Received Sufficient Technical Knowledge Transfer Documentation and Training to Effectively Maintain Contractor Provided IT Systems

BTOP includes both experienced and first-time federal fund recipients, among them for-profit entities, state and local governments, and non-profit institutions. Therefore, information systems are essential for effective communication, receipt and maintenance of grant recipient compliance data, and documentation. In addition, accountability and transparency requirements prescribed by the Recovery Act further stress the importance of efficient and effective information systems.

NTIA contracted with Booz Allen Hamilton (BAH) through the Department of Interior to provide comprehensive assistance in implementing the program, including engaging BAH and its subcontractors to develop and implement new applications for monitoring and overseeing grant projects:

- The Management Dashboard Tool (MDT), a commercial off-the-shelf application, was delivered by BAH through a third-party vendor as a part of the contract to help NTIA implement BTOP. MDT was designed to provide summary-level information about awarded grants for NTIA senior management and program staff. The data include maps navigable by state; maps viewable by recipient type, goal area, dollar value, and grant received; and data related to quarterly budget expenditures and drawdown rates. MDT was implemented on March 15, 2010.
- The Post-Award Monitoring (PAM) system was developed to provide a workspace for submitting and reviewing recipient reports, housing documents for most recipient data, and storing program documentation. The system enables collaboration between grant recipients and grants officers. PAM was deployed on July 9, 2010.

MDT is currently being hosted and supported by the third-party vendor contracted through BAH. Any changes or upgrades to the database, application, and supporting infrastructure are made by the vendor. There are plans to move the hosting of MDT over to the National Technical Information Service (NTIS) in October 2010. PAM is currently being hosted by NTIS; therefore, NTIS performs the maintenance and support of the system's infrastructure. Specifically, NTIS manages and monitors BAH's access to the PAM infrastructure but does not make changes to the application code or database objects and structure.

It is still too early in its deployment to assess whether PAM will effectively provide the environment envisioned by NTIA to manage its estimated workload. PAM was used for the first time to accept and process July 31, 2010, required reports. The degree of accuracy and timeliness of reporting this information should give some indication of the system's effectiveness and reliability. Although MDT was deployed in March, it could not provide complete information in its reports because a portion of its data was to come from PAM. Therefore, it is also too early to draw conclusions about MDT's success as a reporting tool.

BAH served as the system integrator for MDT and as both developer and system integrator for PAM. NTIA purchased licenses for both applications; however, it only owns the source code for PAM. But as neither NTIA nor NTIS IT staff actually developed the primary application source code or its customizations, they do not have intimate working knowledge of the application or its database construct. Documentation such as network/infrastructure schematics, installation guides, hardware and software requirements, functional diagrams, and release notes were provided to NTIA for both applications. However, no application code reviews were conducted

by NTIA or NTIS, and BAH has not provided technical programming documentation that could enable a cohesive knowledge transfer. This being the case, if BAH finds it necessary to replace or reassign key technical staff to other engagements (as often happens with consulting firms), or for any other reason cannot fulfill the entire contract term, it could adversely affect BTOP. Specifically, further development or even troubleshooting of production problems for the applications might prove difficult for NTIA without substantial input from BAH.

This transfer of IT knowledge is of particular concern because NTIA is a relatively small-staffed agency charged with the execution of a major program, and it has relied heavily on the expertise and capabilities of BAH in virtually every aspect of BTOP. As a result of this engagement, BAH has acquired considerable institutional knowledge, which has worked well for NTIA throughout the program's implementation. However, because BAH personnel are so heavily involved in the program and significantly exceed the number of NTIA staff, it does not appear likely or possible that a complete knowledge transfer can successfully occur.

Recommendations

We recommend that NTIA

1. evaluate PAM and MDT once the systems are processing reports for all award recipients to ensure that both have been implemented in accordance with the business and functional requirements of the contract; and
2. define and document an overall program transition plan to include specific provisions for a technical knowledge transfer from BAH to the NTIA and NTIS staff, as well as hold knowledge transfer sessions on a periodic basis.

C. While NTIA Has Made Progress in Documenting BTOP Policies and Procedures, Additional Steps Should Be Taken

GAO's *Internal Control Standards* state that "...all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination."⁵ As BTOP is a new program, NTIA has had to develop and document all new procedures. While we acknowledge NTIA has taken significant steps in the development process, more remains to be done.

For post-award, NTIA developed the *BTOP Post-Award Concept of Operations (CONOPS)*, which outlines the organizational structure of the BTOP office, key roles and responsibilities for each position in the organization, and the overall post-award monitoring process. *CONOPS* serves as the basis for the *Federal Program Officer [FPO] Handbook Volume I: Post-Award Procedures for Grants, Management, Reporting and Compliance*, the *BTOP Recipient Handbook*, and the *FY10 BTOP Monitoring Plan* (see table 3).

⁵ GAO, November 1999. *Standards for Internal Control in the Federal Government*. GAO/AIMD-00-21.3.1, p. 15.

Table 3. BTOP Documentation on Post-Award Policies and Procedures

Title	Release Date	Target Group	Brief Description
<i>CONOPS</i>	March 23, 2010	NTIA staff	Basis for conducting BTOP Describes roles and responsibilities of federal staff
<i>FPO Handbook</i>	June 9, 2010	NTIA staff	Describes roles and responsibilities of FPOs Outlines the relationship between FPOs and other staff (grants officers, contractors, other federal staff) Describes business processes for conducting BTOP work Describes systems used for managing work
<i>BTOP Recipient Handbook</i>	June 23, 2010	BTOP grant recipients	Describes responsibilities of recipients of federal grants Describes responsibilities under Recovery Act Outlines procedures for fulfilling requirements under federal grant agreements Describes systems used for reporting and drawing down funds
<i>FY10 BTOP Monitoring Plan</i>	July 14, 2010	NTIA staff	Outlines the concepts for monitoring grants Describes the method of review of grants Describes the levels of monitoring for each grant, based on risk

Source: OIG

Our review of *CONOPS* found that it provides a reasonable basis for outlining the implementation and monitoring of BTOP awards. Also, the handbooks for FPOs and recipients provide useful guidance to their audiences. However, several areas of the monitoring plan need improvement. Specifically, the plan

- calls for the use of review templates to guide FPOs but does not include examples of the templates;
- does not specify the method of documentation that will be developed to document grantees' issues and track progress addressing these issues;
- does not describe how the data will be used to identify potential trends among recipients so that timely corrective actions can be taken;
- does not provide guidance on what the FPO or grants officer should do if fraud, waste, or abuse is detected (nor does it specify any consequences if corrective action plans are not followed by recipients); and
- does not identify how federal staff should monitor the internal controls of recipients to assure the prescribed processes are being followed.

We communicated our concerns with BTOP officials in an August 4, 2010, meeting to discuss potential findings. NTIA stated that the monitoring plan was a high-level document and that more detail would be added to the *FPO Handbook*; we were told that NTIA would address our concerns and use results from its initial post-award reviews to strengthen the *FPO Handbook*.

Recommendation

We recommend that NTIA

1. revise post-award guidance (e.g., the *FPO Handbook*) to more comprehensively define the procedures that FPOs should follow in the oversight of BTOP grant awards.

D. Internal Controls over Professional Development and Training Are Not Robust

An adequately trained federal program office staff is essential to ensure consistent, equitable, and transparent monitoring of grant recipients. GAO's *Standards for Internal Control in the Federal Government* states that management needs to identify appropriate knowledge and skills needed for various jobs and to provide needed training.⁶

To meet this challenge, effective internal controls are needed to plan and track training. NTIA has extensively used webinars and conference workshops to train federal program office staff and grant recipients, and has also arranged for vendor-provided on-site training on grants management issues. While NTIA has provided ample training to federal personnel as well as recipients, NTIA should strengthen its internal controls over professional development and training by

- formalizing its process for identifying the professional development and training needs of its staff, and
- improving its process for verifying attendance at training events and tracking the training that has been taken.

We found that FPOs do not have development plans that articulate the training and/or other development activities that they should take to meet certain core competencies. Therefore, limited confidence can be placed on whether future and ongoing training needs for individuals are appropriately identified.

In order to verify appropriate training has been completed, Department of Commerce Human Resources Bulletin Number 076 on training policy requires that each bureau maintain and report accurate training data. NTIA utilizes a spreadsheet to monitor training; however, officials were unable to provide OIG with sufficient evidence of training attended and completed by NTIA staff. NTIA's training tracker provided information related to dates, subject, facilitator, materials, and location, but did not record which staff members attended and successfully completed training.

⁶ GAO, November 1999. *Standards for Internal Control in the Federal Government*. GAO/AIMD-00-21.3.1, p.7-8.

Recommendations

We recommend that NTIA

1. strengthen internal controls to ensure training is identified, taken, recorded, and tracked for FPO staff supporting BTOP award monitoring.

E. Some Aspects of BTOP Award Monitoring Are Not Being Completed in a Timely or Efficient Manner

Monitoring grantee performance helps ensure that the goals of grants are reached and required deliverables are completed.⁷ Ineffective grant monitoring increases the risk of untimely expenditures and may also result in an increased risk of fraud.

Awards made between December 2009 and April 2010 have provided NTIA with opportunities to implement several of its monitoring processes, to include

- evaluating whether recipients have achieved satisfactory progress against special award conditions (e.g., accounting system verifications and environmental assessments);
- ensuring that financial, performance, and Recovery Act reporting requirements are met; and
- performing initial desk review audits to assess the risks associated with a particular recipient.

Grant award SACs are used to either provide guidance to recipients or require specific actions for complying with the grant award. In some cases, SACs limit or prohibit other actions until the award condition is complete.⁸

We randomly selected 40 of 82—approximately 49 percent—of the first-round BTOP grants to test whether SAC documentation, including environmental assessments, was submitted timely and properly approved. While we found a few instances where documentation was not submitted in a timely manner, the overall monitoring of SAC completion was sufficient. Specifically, environmental assessments were submitted on time, extensions granted were justified, and evidence of a thorough environmental assessment review process existed. In addition, NTIA closely monitored the status of required consultations and worked with the recipient to complete any that were outstanding.

NTIA and its supporting grants offices review (1) Recovery Act reports that provide data on the types and number of jobs created, (2) financial reports that provide performance data on key financial indicators, and (3) program performance reports that provide data on key programmatic milestones and indicators. Recipients of BTOP grants are required to satisfy several reporting requirements that provide valuable information on performance and transparency of activities, and facilitate monitoring of the program. The grants officer, with NTIA support, is responsible for reviewing the Recovery Act and financial reports; NTIA is responsible for reviewing the program performance reports. A review of financial and performance progress reporting in the

⁷ Domestic Working Group, October 2005. *Guide to Opportunities for Improving Grant Accountability*. p.25.

⁸ *BTOP Recipient Handbook FY 2010*. June 23, 2010. p. 17.

same sample of 40 awards found that 5 of the files (13 percent) contained deficiencies in reporting. Of those, one was more than 15 days overdue, two were fewer than 15 days overdue, and two others did not contain the required signature of the authorizing official. We did not review Recovery Act reporting requirements as they are being covered by a separate OIG review.

Monitoring activities such as desk reviews and site visits will generate voluminous data about the progress of recipients in completing grant projects, concerns NTIA identifies about award implementation, and corrective actions to address noted deficiencies. For its first set of desk reviews, performed in July and August 2010, NTIA placed the results on a shared network drive. However, this approach does not facilitate the efficient aggregation and manipulation of information needed for program-wide analyses. We were told that PDFs that can be queried could have collected the data more easily, but were not used for the first set of reviews due to schedule constraints. NTIA officials noted that their current approach has limitations and that they will be looking for ways to improve the process in the future.

Recommendations

We recommend that NTIA

1. continue to closely monitor the completion of SACs;
2. work with NIST and NOAA grants offices to ensure that reports are received timely; and
3. take steps to more efficiently use the data collected in monitoring efforts when analyzing recipient performance and tracking any corrective actions.

Summary of Agency Comments and OIG Response

In responding to our draft report, the Assistant Secretary for Communications and Information summarized the steps NTIA is taking to address our recommendations. Where appropriate, we modified this final report to incorporate NTIA's comments.

NTIA notes that it has overcome a number of challenges in implementing the program, but admits that improvements are needed for the program to be more effective. In its response, NTIA discusses the significant actions it has taken to establish a comprehensive oversight framework, details its efforts to continue the program without an appropriation, and notes the need to secure funding after December 3, 2010. The response cautions that a lack of funding would adversely affect the technical assistance and monitoring NTIA feels is essential to effectively monitor its grant awards.

We share NTIA's concern about the impact of inadequate funding to oversee the grant awards, specifically its abilities to protect against waste, fraud, and abuse and to ensure program objectives are met. Therefore, we updated our finding on the challenge that uncertain funding poses to NTIA's oversight of broadband grants to reflect the current status of program funding and the importance of securing funding to administer BTOP.

Furthermore, NTIA agrees that strengthening its post-award monitoring and oversight will be critical to the successful implementation of BTOP projects. NTIA does note that hiring additional staff to enable a technology knowledge transfer from BAH to NTIA and NTIS staff would be impractical. However, we did not intend to recommend that NTIA hire more personnel, but that NTIA should ensure current staff obtain the technical knowledge necessary to continue IT development and support in the event BAH was unable to provide it. Therefore, we reaffirm our recommendation that NTIA address the current knowledge and skills gaps that exist.

We encourage NTIA to work with the Department, the Office of Management and Budget, and Congress to secure funding to oversee the BTOP grant awards. Also, we are pleased that NTIA has begun to improve the administration of the program. We look forward to reviewing the NTIA action plan that will address these concerns in more detail.

Appendix A: Objectives, Scope, and Methodology

We initiated this audit in April 2010 because we recognized that NTIA faced significant challenges in performing post-award activities while concurrently conducting a second round of making broadband awards. The objectives of the audit include (1) assessing the capabilities of the systems that NTIA will use to monitor recipients of BTOP awards; (2) determining whether NTIA is establishing post-award operations and processes to facilitate the effective execution of BTOP; and (3) evaluating whether NTIA is taking appropriate steps to implement a program office to perform the essential post-award oversight and monitoring of BTOP recipients, including post September 30, 2010.

Although it presents information on grant awards through September 30, 2010, this review covers only post-award activities for BTOP awards issued between December 2009 and April 2010. We obtained an understanding of internal controls for the BTOP post-award process by

- interviewing NTIA, BAH, and NTIS IT representatives to gain an understanding of the key systems' functions and key IT controls;
- interviewing BTOP officials to obtain information on NTIA's organization structure and initial post-award efforts;
- attending a post-award workshop and multiple webinars on BTOP compliance issues provided to program office personnel and recipients;
- reviewing manuals providing guidance to recipients of awards and federal program staff on and implementing and monitoring post-award activities;
- attending BTOP all-hands staff meetings and quarterly meetings with BAH; and
- meeting with NTIA officials to discuss BTOP resources for post-award, including resources post September 30, 2010.

To assess the capabilities of the systems that NTIA uses to monitor recipients of BTOP awards, we performed the following:

- reviewed the BAH contract and supporting IT specific modifications;
- attended system functionality demonstrations for both MDT and PAM (pre- and post-production for PAM) to understand the systems' functionality;
- obtained and reviewed documentation related to system certification and accreditation for both MDT and PAM; documentation included but was not limited to security plans, risk assessments, vulnerability assessments, and plans of action; and
- obtained and reviewed for reasonableness the service level agreement between NTIA and Xservices (BAH's hosting partner) and the MOU between NTIA and NTIS.

We reviewed BTOP compliance with applicable provisions of pertinent laws and regulations, including:

- The American Recovery and Reinvestment Act of 2009
- *The July 9, 2010, Notice of Funds Availability for the Broadband Initiative Program and the Broadband Technology Opportunities Program*
- *Department of Commerce Updated Interim Grants Manual*
- The National Environmental Policy Act of 1969
- National Historic Preservation Act

While we identify and report on internal controls deficiencies, no incidents of fraud, illegal acts, violations, or abuse were detected during our audit.

To test NTIA's efforts to monitor recipient compliance with special award conditions and reporting requirements relating to financial and performance progress reporting, we randomly selected a sample of 40 awards, including infrastructure, PCC, and SBA projects. In completing our reviews, we

- verified form CD-450s had been completed;
- determined whether actionable SACs were completed appropriately;
- verified amendments were issued and properly approved for completed special award conditions, where applicable; and
- tested quarterly performance and financial reports for completion, accuracy, and timely submission.

With regards to data reliability, most computer-generated information was used for background purposes. In testing relating to BTOP oversight of special award conditions and report monitoring, we assessed the reliability of Grants Online by interviewing program officials knowledgeable about the system and its data and reviewing related audit reports, including the Department of Commerce's *FY 2009 Performance and Accountability Report*, which covered grant processing at NOAA. We determined that the data were sufficiently reliable for purposes of this report. For our testing at NIST, we reviewed paper files.

Our work was performed 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 April through August 2010 under the authority of the Inspector General Act of 1978 and Department Organization Order 10-13. We performed our work at the Department of Commerce headquarters in Washington D.C.; at NIST in Gaithersburg, Maryland; and at NOAA in Silver Spring, Maryland.

Appendix B: Agency Response to Draft Report



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

OCT 22 2010

Ms. Ann C. Eilers
Principal Assistant Inspector General
United States Department of Commerce
1401 Constitution Avenue, N.W.
Washington, DC 20230

Dear Assistant Inspector General Eilers:

Thank you for the opportunity to comment on the Office of Inspector General's Draft Report No. ARR-19899-1, *Progress Has Been Made with Post-Award Operations for Broadband Grants Program, but Additional Steps are needed* (the Report). I appreciate your acknowledgement of the progress the National Telecommunications and Information Administration (NTIA) has made in developing processes, systems and guidance to ensure effective oversight our portfolio of American Recovery and Reinvestment Act of 2009 (Recovery Act) grant awards, consisting of some 289 Broadband Technology Opportunities Program (BTOP) and State Broadband Data and Development (SBDD) grant awards totaling nearly \$4.2 billion. I assure you that we are taking every appropriate action to address the recommendations described in the Report, subject to NTIA's funding limitations under the current continuing resolution (CR), described further below.

As the Report notes, NTIA has overcome a number of challenges in implementing BTOP, including staffing a program office, developing grant program rules and regulations, procuring program support services, coordinating grants processing and award activities with other Department of Commerce (DOC) agencies, initiating monitoring of awards, and performing effective oversight of activities. We have achieved all of this despite being limited in our administrative expenses to three percent of the program's appropriation, which is substantially less than what Congress has allocated other major grant programs.

I am pleased to report that NTIA successfully obligated all of its Recovery Act funds prior to its September 30, 2010 deadline. With these funds, NTIA is investing in "middle mile" networks that bring high-speed Internet to communities and key anchor institutions such as schools, libraries, and hospitals, and is funding projects designed to improve access and spur Internet usage and adoption. NTIA is also funding states to collect data necessary to develop and maintain a national broadband map. These investments will help bridge the technological divide, boost economic growth, create jobs, and improve education for millions of Americans.

Thank you as well for your suggestions on opportunities to improve NTIA's post-award administration of the BTOP portfolio. We recognize the importance of monitoring and oversight and, to the extent possible given current funding limitations, we are taking steps to address your concerns.

Response to Concerns Regarding Uncertain Funding

The most immediate and critical area of concern identified in the Report concerns NTIA's lack of funding to support and to oversee grant projects and funds. As described below, developments since the preparation of your Report have only exacerbated this concern, and NTIA and the Department are taking all possible steps to avoid any interruption in the disbursement and oversight of grant funds.

This funding uncertainty arises as NTIA pivots from its grant-making role to its role of supporting and overseeing the grant funds and projects. NTIA has developed a comprehensive framework for robust post-award monitoring that includes a variety of review activities, such as desk reviews, site visits and program report reviews. The agency provided NTIA employees with written guidance, procedures, and detailed training in the field of grants administration. Likewise, NTIA has provided grantees with guidance, training, and individual support to ensure efficient and responsible implementation of their projects. NTIA also has endeavored to streamline its post-award processes so that its reduced staff can more efficiently monitor the \$4 billion in grants that have been awarded. Finally, NTIA staff have been substantial technical assistance to grantees as they seek to comply with federal grant rules of providing general applicability that ensure responsible expenditure of those dollars. None of this oversight and assistance can occur, however, absent adequate funding.

As the Report explains, the Recovery Act provided oversight funding only through Fiscal Year 2010 for a program that will require NTIA oversight through 2013, the deadline for completion of the most recently awarded grant projects. In light of the uncertainty as to what, if any, oversight funding Congress would provide after that date, the Report recommended that NTIA develop alternative approaches to monitoring and oversight based on different possible funding levels, and to revise its monitoring plans and relevant grantee support materials to reflect any alternative approaches that are adopted.

The President's Fiscal Year 2011 budget proposal to Congress requested \$23.7 million for NTIA to manage and oversee the grants. The relevant appropriations subcommittees of the House and Senate proposed budgets of \$16 million and \$15 million, respectively, for broadband grant monitoring and oversight in FY 2011. For NTIA's other operations, the President and both subcommittees proposed an additional \$21.8 million in budget authority. On September 30, 2010, Congress adopted a continuing resolution to fund government operations in FY 2011 through no later than December 3, 2010. During this initial phase of FY 2011, the continuing resolution provides NTIA with authority to spend at an annual rate of \$20 million, equal to the amount of funding provided to NTIA in its final FY 2010 appropriation for its core operations during that year. Yet the FY 2010 appropriation included no funding for the broadband program because that program was created and funded separately by the Recovery Act of 2009. As a result, the continuing resolution for FY 2011 includes no dollars for NTIA to support and oversee the broadband grants. At the aggregate level, while the President proposed a \$45.5 million budget to fund all of NTIA's operations in FY 2011 (the broadband program plus core operations), the continuing resolution directs NTIA to spend funds at a \$20 million rate, or less than half of the amount necessary to support all current operations.

Since enactment of the continuing resolution, NTIA has continued to take steps to prevent the delay or disruption of the broadband program and other NTIA operations. OMB, through a deficiency apportionment, has authorized NTIA to spend at an annual rate equal to the lower of the House and Senate marks for combined NTIA operations, approximately \$36 million per year, as compared to the President's budget request of \$45.5 million. This apportionment does not provide any additional dollars beyond the \$20 million approved in the continuing resolution, but simply allows NTIA to spend at a faster rate during the continuing resolution period. To reduce spending to the \$36 million rate, NTIA has restricted agency travel, including the cancellation of overseas trips where staff were scheduled to represent the United States' interests with respect to Internet governance and related matters. NTIA has also frozen hiring, equipment and supply purchases, and contracting throughout the agency, subject to certain limited exceptions. It also reduced by 25 percent the budget available for FY 2010 bonuses for all NTIA staff, with the savings available for carry-over to FY 2011.

NTIA believes that these steps will enable it to perform its missions at least through December 3, 2010, when the continuing resolution expires. The extent of NTIA's ability to maintain the broadband grant program thereafter depends upon action being taken by Congress prior to December 3 to appropriate adequate funding for FY 2011. The Report recommends that NTIA "develop alternative approaches to monitoring and oversight based on different funding levels," and NTIA is now determining the feasibility of operating at the funding levels proposed by the congressional appropriations committees as discussed above. At this juncture, NTIA believes that any oversight funding significantly below the current request of \$21.7 million would require NTIA to take personnel actions that would directly implicate disbursements, technical assistance, and oversight, beginning in early 2011. These steps, in turn, threaten to substantially disrupt and delay the grant projects and would greatly jeopardize the agency's oversight capabilities with respect to the \$4 billion in grant awards.

NTIA and the Department are working with OMB and Congress to secure funding at the rate proposed by the President, less \$2 million in savings that NTIA expects to realize. In addition, NTIA and the Department are considering whether the Secretary might exercise his authority to transfer funds to NTIA from other sources within the Department. Even assuming the required Congressional consent to this remedy, however, it would provide only limited relief. By statute, the amount transferred by the Secretary cannot exceed ten percent of NTIA's existing budget authority of \$20 million, meaning the exercise of this transfer authority would make up no more than \$2 million of any funding gap.

Consistent with the Report's recommendations, NTIA will continue to seek to identify approaches to accommodate the range of funding levels that might be made available and, to the extent its resources allow, will communicate appropriately to grantees.

Response to Recommendations for Strengthening Post-Award Monitoring and Oversight

In response to the Report's recommendations for strengthening NTIA's post-award monitoring and oversight, NTIA agrees that these efforts will be critical to the successful implementation of the projects supported by BTOP. Set forth below are NTIA's responses to the Report's findings and recommendations in this regard. Please note that NTIA's ability to

execute any of the courses of action described below (or any other aspect of BTOP) will depend upon the amount of funding that Congress provides for the balance of Fiscal Year 2011, as discussed above.

Agreements with Other Agencies

The Report recommends that NTIA more clearly define the roles of other agencies that are supporting NTIA in its monitoring of broadband grants and develop a plan for overseeing the performance of those agencies. Pursuant to the Memoranda of Understanding between NTIA and the National Institute of Standards and Technology (NIST) and National Oceanographic and Atmospheric Administration (NOAA), respectively, the NIST and NOAA Grants Offices have been instrumental to the success of BTOP. NTIA views the participation of other DOC bureaus as a partnership, complemented by strong leadership at the DOC and NTIA level. From the August 2009 through January 2010, the Department's Recovery Act coordinator convened bi-weekly coordination meetings with representatives from NTIA, DOC's Grants Policy Office in the Office of Administration, and the National Technical Information Service (NTIS). These meetings helped clarify the roles and responsibilities of each office, review progress against an overall implementation plan, resolve resource and schedule issues, and improve overall communications among the various bureaus involved. As a result of these efforts, and notwithstanding any ambiguities in the NIST and NOAA Memoranda of Understanding, we collectively removed several performance obstacles normally associated with a large grant program such as BTOP. NIST and NOAA responded rapidly and thoroughly to NTIA requests and completed their work on time and under budget. Nevertheless, to address your concerns, NTIA is currently negotiating with NIST to further clarify roles and responsibilities in the FY 2011 agreement and more clearly define service levels and deliverables, including quarterly performance and financial reporting. NTIA plans to use its FY 2010 agreement with NOAA – which includes more specific service levels and further delineates the roles and responsibilities between the Grants Office and the Program Office – as a model for the FY 2011 NIST agreement.

Information Technology Systems

With respect to the BTOP Information Technology (IT) systems, NTIA closely monitored and managed each phase of the development of these systems, leveraging the IT expertise of our contractor, Booz Allen Hamilton (BAH). NTIA works hand-in-hand with BAH in all aspects of IT development, including infrastructure recommendations, deployment oversight, production monitoring, and technology management. In line with the Report's recommendations, NTIA has actively managed the development and implementation of NTIA's Post-Award Monitoring (PAM) system and its Management Dashboard Tool (MDT), including evaluating those systems for functional and business requirements after recipients filed baseline narratives and second quarter performance and financial reports. NTIA's IT staff has completed extensive acceptance testing at each phase of development. Further, while NTIA will continue to monitor any potential concerns with its systems, it is important to note that PAM has been operational for months with no major issues.

Separately, the Report recommends that NTIA plan for a technical knowledge transfer from BAH staff to NTIA personnel in the event BAH is unable to fulfill its obligations. Due to NTIA's diverse IT needs, BTOP's temporary nature, and the agency's limited staff resources, the most cost-effective and expedient approach to IT has been to utilize BAH for developing and managing the relevant IT systems rather than investing heavily in in-house capabilities. For a temporary grant program of this nature, it would be impractical to hire the number of Federal IT staff required to support the wide range of technical skills and variety of technology that BTOP uses. Additionally, the funding situation created by the continuing resolution limits NTIA's ability to hire additional IT staff. For these reasons, NTIA does not currently plan to fully transfer the IT programming knowledge in-house. Instead, NTIA amended its contract with BAH in September 2010 to provide BTOP with IT services for an additional 18 months. Over that period, in accordance with the Report's recommendation, NTIA will explore the breadth and depth of IT skills and capabilities available within NTIA and DOC to fortify BTOP's technical expertise and reduce the risk of knowledge gaps in order to prepare for the possibility that NTIA would no longer be in a position to contract for these services after the extension period expires. NTIA will also consult with BAH to determine how the agency may obtain documentation and training to assist with knowledge transfer without significant cost to the program.

Documenting Policies and Procedures

With respect to suggestions regarding revisions to the BTOP post-award guidance, NTIA will continue to revise certain post-award guidance, such as the FPO handbook, to more comprehensively define certain procedures, to the extent possible. However, the funding situation created by the continuing resolution significantly limits NTIA's ability to definitively plan for on-going monitoring levels and oversight activities. NTIA appreciates the Report's suggested improvements and will take all appropriate steps to revise the monitoring plans in the future to the fullest extent practicable.

Internal Controls

With respect to strengthening internal controls over professional development and training, NTIA has strengthened its internal controls by verifying attendance at its internal training sessions through sign-in sheets, and by tracking individual training through a central training coordinator.

Award Monitoring

Finally, with respect to concerns that some aspects of BTOP award monitoring are not completed in a timely manner, NTIA will continue to closely monitor each recipient's fulfillment of its special award conditions (SACs) and assist the NIST and NOAA Grants Offices to request timely financial and Recovery Act reports. The NIST and NOAA grants offices are responsible for Recovery Act financial reporting, while NTIA's Federal Program Officers are responsible for monitoring technical and programmatic requirements and working collaboratively with NIST and NOAA. In addition, NTIA has modified the electronic format of its Round Two award desk reviews, allowing program staff to more easily aggregate and review data for effective program-wide analysis.

Thank you again for the opportunity to comment on the draft Report and for your collaboration to ensure that NTIA fulfills the objectives of the Recovery Act as responsibly and thoroughly as possible. I look forward to continuing to work with you as NTIA implements 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 of further assistance, please contact Milton Brown, NTIA's Liaison to the Office of Inspector General, at (202) 482-1853.

Sincerely,



Lawrence E. Strickling