

U.S. DEPARTMENT OF COMMERCE
Office of Inspector General



***National Telecommunications and
Information Administration***

***Arkansas Public Safety Interoperable
Communications Grant Award No.
2007-GS-H7-0012***

***Final Audit Report No. DEN-19430
March 2010***

Denver Regional Office of Audits






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

March 22, 2010

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

FROM: 
Dr. Brett M. Baker
Assistant Inspector General for Audit

SUBJECT: Final Audit Report No. DEN-19430
Auditee: Arkansas Department of
Emergency Management
PSIC Award No. 2007-GS-H7-0012

Attached is a copy of our final audit report on the Arkansas Public Safety Interoperable Communications (PSIC) award. Since there are no recommendations in the audit report, no further action is needed and an agency Audit Resolution Proposal is not required. A copy of the report will be posted on OIG's Web site pursuant to section 8L of the Inspector General Act of 1978, as amended.

If you have any questions regarding this report, please call John S. Bunting, our Denver regional inspector general for audits, at (303) 312-7650 and reference the final audit report number above in any related correspondence.

Attachment

cc: Milton Brown, NTIA audit liaison
Kathy Smith, NTIA chief counsel
Laura Pettus, PSIC program manager



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

March 22, 2010

Mr. David Maxwell
Director
Arkansas Department of Emergency Management
Building #9501
Camp Joseph T. Robinson
North Little Rock, AR 72199-9600

Dear Mr. Maxwell:

Enclosed is a copy of final audit report number DEN-19430 prepared by our Denver Regional Office. The report concerns the Public Safety Interoperable Communications (PSIC) grant awarded to your agency (award number 2007-GS-H7-0012) by the National Telecommunications and Information Administration (NTIA).

Since there are no recommendations in the final report, no further action is needed.

We appreciate the cooperation and courtesies extended by you and your staff during the audit. The report will be posted on OIG's Web site pursuant to section 8L of the Inspector General Act of 1978, as amended.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brett M. Baker".

Dr. Brett M. Baker
Assistant Inspector General for Audit

Enclosures

cc: Laura M. Pettus, NTIA PSIC program manager
Carolyn P. Dunn, DHS/FEMA Grant Programs Directorate
Charles F. Fiser, Arkansas Deputy Legislative Auditor



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

March 22, 2010

Ms. Tracey Trautman
Deputy Assistant Administrator
Grant Programs Directorate
FEMA
500 C Street, SW
Washington, DC 20472-3615

Dear Ms. Trautman:

Enclosed is our final audit report (DEN-19430) regarding Public Safety Interoperable Communications grant number 2007-GS-H7-0012, which was awarded by the National Telecommunications and Information Administration to the Arkansas Department of Emergency Management.

A copy of the report will be posted on OIG's Web site pursuant to section 8L of the Inspector General Act of 1978, as amended.

If you have any questions regarding this report, please call John S. Bunting, our Denver regional inspector general for audits, at (303) 312-7650 and reference the final audit report number above in any related correspondence.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brett M. Baker".

Dr. Brett M. Baker
Assistant Inspector General for Audit

Enclosure

cc: Richard L. Skinner, DHS inspector general
Carolyn Dunn, DHS/FEMA Grant Programs Directorate
Bradley A. Shefka, DHS audit liaison
Penny McCormack, FEMA audit liaison
Gina Norton, FEMA audit liaison
Mildred Lloyd, DHS/FEMA Grant Programs Directorate audit liaison
Mike Sivi, DHS OIG Grants Management



Report In Brief

U.S. Department of Commerce Office of Inspector General

March 2010



Why We Did this Review

On September 30, 2007, the National Telecommunications and Information Administration (NTIA) awarded a \$11,169,402 Public Safety Interoperable Communications (PSIC) grant to the State of Arkansas to enhance interoperable emergency communications. NTIA required a minimum 20 percent matching share from nonfederal sources for the acquisition and deployment of communications equipment, and management and administration costs.

The original award period ran from October 1, 2007, to September 30, 2010. In November 2009, the President signed an act extending the award period to September 30, 2011, by which time all funds must be expended.

The governor of Arkansas designated the Arkansas Department of Emergency Management (ADEM) as Arkansas's state administrative agency to apply for and administer PSIC funds. We audited costs claimed by ADEM to determine whether the recipient complied with NTIA PSIC grant guidelines and the Department of Homeland Security's (DHS) award terms and conditions.

Background

The Digital Television and Public Safety Act of 2005 authorized NTIA, in consultation with the DHS, to implement the PSIC program—a \$1 billion one-time, formula-based matching grant program intended to enable public safety agencies to establish interoperable emergency communications systems using real-located radio spectrum.

The Implementing Recommendations of the 9/11 Commission Act of 2007 requires the Commerce Inspector General to conduct financial audits, over 4 years, of a representative sample of at least 25 states or territories receiving PSIC grants. The Arkansas grant program is among our first audits under this requirement.

National Telecommunications and Information Administration

Arkansas Public Safety Interoperable Communications Grant PSIC Award No. 2007-GS-H7-0012 (DEN-19430)

What We Found

Our audit covered the award period of October 1, 2007, through December 31, 2008, during which time Arkansas claimed total costs of \$1,512,347. In general, we found ADEM to be in compliance with requirements and on track to complete the project on time.

Specifically, ADEM has

- prepared an investment justification describing how the grant funds would be used to improve interoperable communications and ensure interoperability with other public safety agencies. It anticipates completing its five investments on schedule by the original September 30, 2010, PSIC program deadline;
- changed an unallowable portion of its matching share funds, thus meeting the minimum 20 percent nonfederal matching share requirement for acquiring and deploying equipment, and managing and administering projects;
- complied with grant terms and conditions by fulfilling financial reporting requirements, meeting the cash drawdown requirement of drawing down funds 30 days prior to expenditure or a disbursement, and complying with the 80 percent pass-through requirement by passing through \$9.7 million, about 87 percent, of the \$11.2 million of PSIC federal funds to local applicants;
- claimed matching share costs in accordance with grant terms and conditions and PSIC's reporting requirements; and
- claimed costs of \$1,512,347 on their December 31, 2008, financial status report. We determined that the costs claimed were reasonable, allowable, and allocable according to PSIC grant regulations.

What We Recommended

We made no formal recommendations in our report, but did suggest ways to enhance internal controls:

- During our fieldwork, we pointed out that ADEM had planned to claim \$2,648,043 as match for an unallowable servicing contract. ADEM changed this match to an allowable capital improvement project, thus putting the funds to better use.

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Introduction

On September 30, 2007, the National Telecommunications and Information Administration (NTIA) awarded an \$11,169,402 Public Safety Interoperable Communications (PSIC) grant to the state of Arkansas to enhance interoperable emergency communications. The amount of the award subject to match is \$10,907,902. NTIA required a minimum 20-percent matching share (\$2,726,976) from nonfederal sources for acquisition and deployment of communications equipment, and management and administrative costs. Statewide planning, planning and coordination, and training costs do not require matching share.

The original award period runs from October 1, 2007, to September 30, 2010. On November 6, 2009, the President signed Public Law 111-96, which extended the allowable completion periods for all PSIC grants for one year, but not later than September 30, 2011, except as determined by NTIA.

The governor of Arkansas designated the Arkansas Department of Emergency Management (ADEM) as Arkansas's state administrative agency to apply for and administer PSIC funds.¹

In October 2008, we initiated an audit of costs claimed by ADEM to determine whether it had complied with NTIA PSIC grant guidelines and the Department of Homeland Security award terms and conditions. The audit covered the award period of October 1, 2007, through December 31, 2008, during which time the recipient claimed total costs of \$1,512,347.

The objective of our audit was to determine whether ADEM was using its grant funds in accordance with federal requirements. In particular, we assessed whether ADEM (1) was on track to complete its interoperable communications investments by September 30, 2010; (2) met the minimum 20-percent match for acquiring and deploying interoperable communications equipment, and management and administrative costs; (3) claimed reasonable, allowable, and

Public Safety Interoperable Communications Program

The Digital Television Transition and Public Safety Act of 2005 authorized NTIA, in consultation with the Department of Homeland Security (DHS), to implement the PSIC program — a \$1 billion one-time, formula-based matching grant program intended to enable public safety agencies to establish interoperable emergency communications systems using reallocated radio spectrum.

NTIA signed a memorandum of understanding with the Department of Homeland Security, under which DHS oversees and administers the PSIC program.

The Implementing Recommendations of the 9/11 Commission Act of 2007 requires the Commerce Inspector General to conduct financial audits, over 4 years, of a representative sample of at least 25 states or territories receiving PSIC grants. The Arkansas grant program is among the first audits under this requirement.

¹ The PSIC program requires the governor of each state and territory to designate a state administrative agency to apply and administer PSIC funds. Administrative agencies are required to pass through no less than 80 percent of the total award amount to local or tribal governments or authorized nongovernmental public safety agencies, unless the local entity opts, via written agreement, to have the state agency retain and spend the funds on its behalf. Grantees must meet a 20 percent nonfederal match for acquisition and deployment.

allocable costs under the award; and (4) complied with grant terms and conditions. Appendix A outlines the objectives, scope, and methodology we used in the audit.

ADEM asserts that all five investments are on schedule to be completed by September 30, 2010. (See pages 3 through 5.)

ADEM has sufficient minimum budgeted matching share of \$2,726,976. However, during our fieldwork we found that ADEM planned to claim \$2,648,043 as match for an unallowable servicing contract. ADEM changed this match to an allowable capital improvement project. (See pages 5 and 6.)

ADEM claimed costs of \$1,512,347 on the December 31, 2008, financial status report. We determined that the costs claimed were reasonable, allowable, and allocable according to PSIC grant regulations. (See page 8 and appendix C).

ADEM generally complied with grant terms and conditions. ADEM complied with requirements for financial status reporting, cash drawdowns, and 80-percent pass-through to local applicants. (See pages 6 and 7.) Outside of the unallowable matching share, which ADEM subsequently changed, we have no findings or recommendations.

Findings and Recommendations

I. ADEM Asserts Individual Investments Are on Schedule

ADEM prepared an investment justification based on NTIA's *PSIC Investment Justification Reference Guide* (dated September 2007) that detailed individual communications projects intended to (1) achieve meaningful and measurable improvements in interoperability, and (2) fill gaps identified in the statewide communications interoperability plan. The investment justification had a total of five investments (table 1) and was approved on May 22, 2008. ADEM asserts that all five investments are on schedule to be completed by September 30, 2010.

Table 1. **Investment Justification and Funding**

PSIC Investment Justification	PSIC Funds Awarded	Non-Federal Match	Total
1. Satellite Back-up System	\$ 4,357,034	\$1,089,258	\$ 5,446,292
2. Network Interconnect Equipment	3,000,000	750,000	3,750,000
3. Capacity/Infrastructure	2,035,000	508,750	2,543,750
4. Site on Wheels	865,054	216,264	1,081,318
5. Sebastian County AWIN Expansion Project	315,732	78,933	394,665
Statewide Plan	261,500		261,500
Management and Administration	335,082	83,771	418,853
Total	\$11,169,402	\$2,726,976	\$13,896,378

Source: ADEM Investment Justification

States were required to include a strategic technology reserve in their justifications, designed to pre-position interoperable communications or secure them in advance for immediate deployment in an emergency situation or major disaster. Arkansas's strategic technology reserve is investment 4.

Arkansas's FY 2007 PSIC investment justification describes the state's projects as follows.

Investment 1: Satellite Back-up System

The Arkansas Wireless Information Network (AWIN) provides wireless radio communications for public safety first responders in the state of Arkansas. Many public safety users rely on AWIN as their primary means of communication. This investment will allow Arkansas to provide a baseline number of satellite phones to each jurisdiction in the state and to cabinet-level state agencies. ADEM asserts investment 1 is on schedule to be completed by September 30, 2010.

Investment 2: Network Interconnect Equipment

This investment will allow for the provisioning of network interconnectivity equipment across the state, based on the equipment already in place and the needs of the users in the region.

Satellite phone systems may be connected to the AWIN system via these network interconnectivity tools. This solution will enable local public safety entities to communicate with neighboring cities, counties, and the state in the event of an emergency that involves multiple jurisdictions and organizations. ADEM asserts investment 2 is on schedule to be completed by September 30, 2010.

Investment 3: Capacity/Infrastructure

Geographically, the AWIN system covers 53,179 square miles and serves more than 2.8 million citizens. As the population of the state grows and as more public safety entities move to using AWIN as their primary communications system, the system capacity must be maintained at a high level of availability. This investment will allow for the implementation of additional infrastructure equipment across the state, based on areas of greatest need. ADEM asserts investment 3 is on schedule to be completed by September 30, 2010.

Investment 4: Site on Wheels

For this project, the state proposes to procure a “site on wheels,” purchase a cache of 40-50 spare radios, and develop a team that will be trained to deploy and manage the equipment. This equipment would be used not only to restore communications at sites that are unavailable, but would also augment communications during emergencies, or large events. This equipment will be available to public safety organizations statewide. ADEM asserts investment 4 is on schedule to be completed by September 30, 2010.

Figure 1. **Site on Wheels**



Investment 5: Sebastian County AWIN Expansion Project

Sebastian County currently uses five radio systems. Each agency in the county can communicate only with its own agency and not with responders from other counties or the state. All of the county's radio systems are antiquated and suffer frequent failures. Sebastian County has large noncoverage areas within the county.

Sebastian County plans to become completely integrated with the P25 800-MHz trunked radio AWIN system, which provides coverage across the entire state. The county plans to purchase infrastructure equipment that exactly matches and integrates with the AWIN system. This will increase capacity and coverage to the large number of users the county plans to place on the statewide system. ADEM asserts investment 5 is on schedule to be completed by September 30, 2010.

Project 25 (P25) is a set of national standards for manufacturing interoperable, digital, two-way wireless communications products. Radio equipment that meets P25 standards can communicate with any other P25 system, regardless of vendor, enabling users of different systems to talk via direct radio contact.

II. ADEM Changed Its Unallowable Matching Share

ADEM is required to have a 20-percent matching share in place from nonfederal sources for acquisition and deployment of communications equipment, and management and administrative costs. The match is required by the Digital Television Transition and Public Safety Act of 2005, Public Law 109-171, Section 3006, the *PSIC Grant Program Guidance and Application Kit*, and the special award conditions. The match can be identified and allocated at either the investment level or at the total PSIC (i.e., overall funding) level; therefore, individual investments can be undermatched or overmatched according to the needs of the applicant. NTIA's *PSIC Grant Program Guidance and Application Kit*, Section VI, Part B, requires the match be expended at the same rate as the federal share. As of December 31, 2008, ADEM claimed matching share costs of \$314,754, which is beyond the amount required to keep pace with federal outlays.

ADEM's approved investment justification has budgeted matching share of \$2,726,976. Sebastian County was budgeted to provide \$78,933 of matching share. The remaining \$2,648,043 of matching share was originally to be provided from a Motorola servicing contract. However, we questioned the Motorola servicing contract being used as match because the contract was in place before the PSIC grant was awarded to Arkansas. The contract was dated June 22, 2007, and covered the period July 1, 2007, through June 30, 2009. The PSIC grant was awarded to Arkansas on September 30, 2007. Nothing in the servicing contract has been added as a result of the PSIC award. There is no "new" match funding as a result of the PSIC award.

After our site visit and because using the Motorola servicing contract as match was questioned, ADEM identified a capital improvement project as matching share covering investments 1 through 4. The project is a microwave addition, and is entirely funded by state general revenue. One of the three main priorities of the investment justification is increasing capacity, which is needed for additional radios, phones, and other systems. We accept this match.

ADEM's change of \$2,648,043 of budgeted match from the servicing contract to a capital improvement project will put \$2,648,043 of funds to better use.

III. ADEM Complied with Grant Terms and Conditions

A. ADEM Complied with Financial Status Reporting Requirement

We reviewed the financial status reports (Standard Form 269) filed by ADEM for the period of October 2007 through December 2008. We found that ADEM submitted all its financial status reports in a timely manner, although two of the five financial reports were submitted one day late (see table 2). The *PSIC Grant Program Guidance and Application Kit* states that these reports must be filed within 30 days of the end of each calendar quarter for every quarter the award is active, including partial calendar quarters and periods during which no grant activity occurs.

Table 2. Financial Status Report Submissions

Reporting Period	Date Report Filed	Report Due Date	Days Late
10/1/2007 – 12/31/2007	1/31/2008	1/30/2008	1
1/1/2008 – 3/31/2008	4/30/2008	4/30/2008	0
4/1/2008 – 6/30/2008	7/28/2008	7/30/2008	0
7/1/2008 – 9/30/2008	10/31/2008	10/30/2008	1
10/1/2008 – 12/31/2008	1/26/2009	1/30/2009	0

Source: ADEM Financial Status Reports

B. ADEM Complied with Cash Drawdown Requirement

The *PSIC Grant Program Guidance and Application Kit*, Section VI (B), states that grantees should draw down funds as close to expenditure as possible, up to 30 days prior to expenditure/reimbursement, to avoid accruing interest. Funds received by grantees must be placed in an interest-bearing account, and if not expended in 30 days any interest earned must be remitted to the U. S. Treasury. We reviewed ADEM's PSIC cash drawdowns as of December 31, 2008, which totaled \$1,197,593, and found them in compliance.

The *PSIC Grant Program Guidance and Application Kit* allowed states to draw down funds up to 5 percent of their PSIC allocations prior to receiving their full grant amounts to ensure that PSIC requirements are addressed in their statewide communications interoperability plan. On April 24, 2008, ADEM drew down \$253,330 for statewide planning funds to update their statewide communications interoperability plan.

C. ADEM Complied with 80-Percent Pass-Through Requirement

ADEM passed through \$9.7 million (87 percent) of the \$11.2 million in PSIC federal funds, exceeding the 80-percent pass-through requirement stated in the *PSIC Grant Program Guidance and Application Kit*. States are also required to pass through PSIC funds to local or tribal

applicants within 60 days after approval of the investment justification. ADEM complied with this requirement as well (see table 3).

Table 3. **Pass-Through of PSIC Funds**

	Funds Passed Through to Locals	Pass Through Funds Retained by State Via MOUs	Total Funding Passed Through to Locals	PSIC Funds Retained by the State	Total Federal Funds
Investment 1	\$ 0	\$4,357,034	\$4,357,034	\$ 0	\$ 4,357,034
Investment 2	0	3,000,000	3,000,000	0	3,000,000
Investment 3	0	2,035,000	2,035,000	0	2,035,000
Investment 4	0	0	0	865,054	865,054
Investment 5	315,732	0	315,732	0	315,732
Statewide Planning	0	0	0	261,500	261,500
M&A Costs	0	0	0	335,082	335,082
Total	\$315,732	\$9,392,034	\$9,707,766	\$1,461,636	\$11,169,402
Percent	3	84	87	13	100

Source: ADEM Documents

ADEM retained \$0.9 million in funding for strategic technology reserve, \$0.3 million for management and administration costs, and \$0.3 million for statewide planning.

IV. Reasonable and Allowable Costs Were Claimed

ADEM claimed costs of \$1,512,347 on the December 31, 2008, financial status report. We determined that the costs claimed were reasonable, allowable, and allocable according to PSIC grant regulations (see appendix C).

V. Follow-Up Was Conducted on Prior Audit Recommendations

We met with the Arkansas deputy legislative auditor to discuss our audit of the PSIC grant at ADEM. We reviewed the state's Office of Management and Budget (OMB) Circular No. A-133 audit report for the year ended June 30, 2007. Although the PSIC program was not part of the audit, we reviewed the report for issues that could have a direct and material effect on the program and identified one item:

1. *Overpayments to Counties.* The legislative auditor found that ADEM made overpayments to three counties relating to disaster assistance, and that ADEM made a disaster assistance payment without the appropriate supporting documentation. We reviewed all of ADEM's payments for the PSIC grant and found that no overpayments were made. We also determined that the payments ADEM made contained appropriate supporting documentation.

Summary Results of Financial Audit

The results of our interim cost audit for the period of October 1, 2007, through December 31, 2008 (detailed in appendix C) are summarized as follows:

Federal Funds Disbursed		\$1,197,593
Costs Incurred	\$1,512,347	
Less Questioned Costs	<u>0</u>	
Costs Accepted	\$1,512,347	
Less Matching Share	<u>314,754</u>	
Federal Funds Earned		<u>\$1,197,593</u>
Refund Due the Government		<u>\$ 0</u>

Agency Response and OIG Comments

A response to our draft audit report was due from ADEM on February 12, 2010, but the agency did not provide one. When contacted, ADEM stated it had no official response.

Appendix A: Objectives, Scope, and Methodology

The objective of our audit was to determine whether ADEM was using its grant funds in accordance with federal requirements. In particular, we assessed whether ADEM (1) is on track to complete its interoperable communications investments by September 30, 2010; (2) met the minimum 20-percent match for acquiring and deploying interoperable communications equipment, and management and administrative costs; (3) claimed reasonable, allowable, and allocable costs under the award; and (4) complied with grant terms and conditions.

The audit scope included a review of costs claimed during the award period of October 1, 2007, through December 31, 2008. We conducted our fieldwork in October 2008 at the ADEM office in North Little Rock, Arkansas.

To meet our objectives we did the following:

- reviewed investment documentation and discussed each investment with officials from ADEM
- analyzed source documents related to the minimum 20-percent match for acquiring and deploying interoperable communications equipment
- traced costs claimed to source documentation
- interviewed ADEM officials, including the Arkansas deputy legislative auditor, and reviewed the state's OMB Circular No. A-133 audit report for the year ending June 30, 2007
- reviewed pertinent laws, regulations, and guidance (listed below) against ADEM's PSIC activities and internal controls

We evaluated ADEM's compliance with federal laws and regulations applicable to the PSIC grant project and found them to be generally in compliance with the following:

- Section 3006 of the Digital Television Transition and Public Safety Act of 2005, Public Law 109-171
- Call Home Act of 2006, Public Law 109-459
- Implementing Recommendations of the 9/11 Commission Act of 2007, Public Law 110-53
- Public Safety Interoperable Communications Grants, Public Law 111-96
- *PSIC Grant Program Guidance and Application Kit*, August 16, 2007
- NTIA PSIC Grant Program Allowable Cost Matrix
- NTIA PSIC Grant Program Frequently Asked Questions
- OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*
- OMB Circular A-133, Compliance Supplement, CFDA 11.555

- Special Award Conditions
- Department of Commerce Financial Assistance Standard Terms and Conditions
- DHS, Office of Grant Operations, Financial Management Guide

We obtained an understanding of the management controls of ADEM by interviewing ADEM officials, examining policies and procedures, reviewing written assertions of ADEM officials, and examining the state of Arkansas's most recent single audit report. We did not rely on the accounting firm's internal control reviews but instead determined that we could better meet our audit objectives through testing of PSIC transactions.

We verified the validity and reliability of computer-processed data supplied by ADEM by directly testing data against supporting documentation. Based on our tests, we concluded the computerized data was reliable for use in meeting our objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide 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 performed this audit under authority of the Implementing Recommendations of the 9/11 Commission Act of 2007, the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, August 31, 2006.

Appendix B: Summary of Source and Application of Funds

**ARKANSAS DEPARTMENT OF EMERGENCY MANAGEMENT
PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS
GRANT NO. 2007-GS-H7-0012
OCTOBER 1, 2007, THROUGH DECEMBER 31, 2008**

	Approved Budget (a)	Receipts & Expenses (b)
<u>SOURCE OF FUNDS:</u>		
Federal	\$11,169,402	\$1,197,593
Nonfederal	<u>2,726,976</u>	<u>314,754</u>
Total	<u>\$13,896,378</u>	<u>\$1,512,347</u>

APPLICATION OF FUNDS:

Investment 1	\$5,446,292	\$ 0
Investment 2	3,750,000	0
Investment 3	2,543,750	0
Investment 4	1,081,318	634,698
Investment 5	394,665	624,319
Statewide Planning	261,500	253,330
M&A Costs	<u>418,853</u>	<u>0</u>
Total	<u>\$13,896,378</u>	<u>\$1,512,347</u>

Notes:

- (a) Approved budgeted costs are for the period of October 1, 2007, through September 30, 2011 based on Arkansas's approved investment justification.
- (b) Receipts and expenses are for the period of October 1, 2007 through December 31, 2008.

Appendix C: Summary of Financial/Compliance Audit

**ARKANSAS DEPARTMENT OF EMERGENCY MANAGEMENT
PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS
GRANT NO. 2007-GS-H7-0012
OCTOBER 1, 2007, THROUGH DECEMBER 31, 2008**

<u>Description</u>	<u>Approved Budget</u>	<u>Costs Claimed</u>	<u>Results of Audit</u>	
			<u>Costs Questioned</u>	<u>Costs Accepted</u>
Investment 1	\$5,446,292	\$ 0	\$0	\$ 0
Investment 2	3,750,000	0	0	0
Investment 3	2,543,750	0	0	0
Investment 4	1,081,318	634,698	0	634,698
Investment 5	394,665	624,319	0	624,319
Statewide Plan	261,500	253,330	0	253,330
M&A Costs	418,853	0	0	0
Total	<u>\$13,896,378</u>	<u>\$1,512,347</u>	<u>\$0</u>	<u>\$1,512,347</u>

Federal Funds Disbursed		\$1,197,593
Costs Incurred	\$1,512,347	
Less Questioned Costs	<u>0</u>	
Costs Accepted	1,512,347	
Less: Matching Share	<u>314,754</u>	
Federal Funds Earned		<u>1,197,593</u>
Refund Due the Government		<u>\$0</u>