



OFFICE OF INSPECTOR GENERAL

MEMORANDUM

DATE: April 15, 2010

TO: Steven VanRoekel, Managing Director

FROM: David L. Hunt, Acting Inspector General (1)

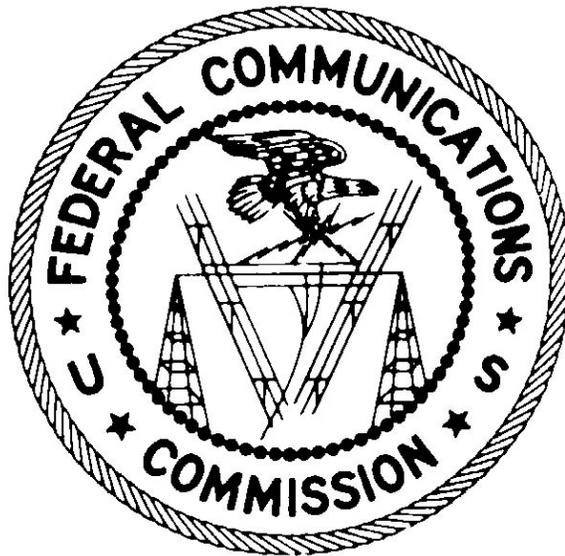
SUBJECT: Inspection Report, Recovery Act Reporting, Data Quality Review

Attached is a copy of the inspections report prepared by this office based on a request in September 2009 by the Recovery Accountability and Transparency Board. A copy of this inspection report will be forwarded to them who will post the report on the Recovery.gov website.

This report is being issued as final and was discussed extensively with your staff during the conduct of our inspection. Therefore, there is no need to respond to this report. We hope that this report can provide assistance to your office as this program moves forward. We appreciate the time, effort, and cooperation given by your office to assist us in conducting this inspection.

Please contact William K. Garay, Assistant Inspector General for Audits at (202 418-7899 with any questions.

FEDERAL COMMUNICATIONS COMMISSION



OFFICE OF INSPECTOR GENERAL

Inspection Report
Recovery Act Reporting
Data Quality Review

Report No. 09-EVAL-12-24
March 3, 2010

SUMMARY

This report presents our findings and recommendations based on our inspection of the Federal Communications Commission's (the Commission) American Recovery and Reinvestment Act, P.L. 111-5 (the Recovery Act), reporting process. The purpose of our inspection was to determine whether, as of September 30, 2009, the Commission had established a process to perform limited data quality reviews intended to identify material omissions and/or significant reporting errors.

We based this report on discussions with Commission staff and reviews of the Recovery Act and Office of Management and Budget memoranda. We also reviewed the Commission's activities, recordkeeping, and reporting.

We conducted our inspection under the authority of the *Inspector General Act of 1978*, as amended, and according to Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency.¹

OBJECTIVES AND SCOPE OF INSPECTION

The purpose of our inspection is to determine whether the following objectives had been met through an established data quality review process.

Objectives

1. Funds are awarded and distributed in a prompt, fair, and reasonable manner;
2. Funds are used for authorized purposes and every step is taken to prevent instances of fraud, waste, error, and abuse;
3. Projects funded under the Recovery Act should avoid unnecessary delays and cost overruns; and
4. Programs meet specific goals and targets and contribute to improved performance on broad economic indicators.

Scope

We reviewed the Commission's process for monitoring recipient reporting of recovery funds for the quarter ending September 30, 2009.

¹ On October 14, 2008, the Inspector General Reform Act of 2008 (Public Law 110-409) replaced the President's Council on Integrity and Efficiency with the Council of the Inspectors General on Integrity and Efficiency.

CONCLUSION

We found for the quarter ending September 30, 2009, the Commission had generally met the objectives stated above in their administration of the Recovery Act funds. The Commission had designed and initiated a number of controls to monitor the awarding of Recovery Act funds. The Commission had a reasonably successful outcome given the abbreviated time frame in which to effect the program requirements and that the new FAR requirements were not promulgated at the time of a number of contract awards.

There were four operational challenges encountered by the Commission and are listed at the end of this report.

BACKGROUND

Program Purpose

Under the Recovery Act, the National Telecommunications and Information Administration (NTIA) of the Department of Commerce may use up to \$90 million for consumer education and outreach related to the transition from analog to digital television (DTV) broadcasts, and may transfer this amount to the Commission if deemed necessary and appropriate by the Secretary of Commerce, in order to aid a smooth transition to digital broadcasts by increasing awareness. The Nation-wide transition to digital television occurred on June 12, 2009 as required by the DTV Delay Act, P.L. 111-4. Funded activities have included contracts to organizations for programs to educate groups most at risk for losing television service. Such groups include senior citizens, minority communities, people with disabilities, low-income individuals, and people living in tribal and rural areas. Program funds have also provided one-on-one assistance to vulnerable populations, including help with converter box installation.

Program Funding

After sending the appropriate notification to Congress as required by the ARRA, NTIA transferred \$70,605,000 in funding to the Commission for education and outreach efforts to support the Digital-To-Analog Converter Box Program. In addition to funding the initiatives discussed below under “Characteristics of Financial Awards” (media buys, community walk-in assistance centers, in-home converter box assistance, and call center support services), the funds transferred from NTIA were used for web site upgrades to improve the Commission’s DTV website, printing DTV publications and for translating those publications to benefit non-English speaking communities, and for travel expenditures for Commission staff who were serving as the “boots on the ground.” Staff members provided local support and information to communities across the country, particularly in markets where there was a significant percentage of the population receiving television signals over-the-air.

Program Objectives

The Commission’s Strategic Plan identified in its Media strategic goal the mandate to “facilitate the transition to digital modes of delivery.” In keeping with this vision, the Commission developed the objective of conducting an outreach campaign to educate and

inform consumers about the transition to digital television. In furtherance of this objective, the Commission leveraged its experiences and knowledge gained from early transition efforts. The Commission partnered with local, state, and tribal governments and community-based organizations for outreach and consumer assistance. The Commission established full-service walk-in help centers in local communities where consumers could receive answers to their transition questions, apply for converter box coupons, and get assistance with installation and reception issues. Furthermore, the Commission identified and trained organizations to provide in-home assistance services as trusted sources for consumers. The Commission also augmented its existing call center capabilities to handle the large volume of DTV related inquiries that came in leading up to and after the transition date. Finally, the Commission ensured the development and revision of timely consumer information based on consumer needs and continued to provide Commission staff as “boots on the ground” for consumer education, action, and assistance.

CHARACTERISTICS OF FINANCIAL AWARDS

The Commission awarded contracts for several different types of services with funding from the Digital-to-Analog Converter Box Program.

Media Campaign - Media outreach and distribution efforts were conducted in order to achieve widespread coverage of the DTV transition date. Earned media opportunities on print, television, and radio outlets were pursued in order to maximize consumer exposure to information about the transition through multiple media outlets. Media outreach included purchase of advertisements in local, regional, and national print publications and radio ads with a concentration on stations and publications that reach the populations that were most at risk. In particular, funds were used for development of art work and messages to publicize the availability of the walk-in centers, FCC call center numbers, and converter box installation assistance and for placement of such ads in newspapers and magazines, and on the air, including ethnic media outlets. Funding for ad placement focused on maximizing public knowledge of the transition date and the assistance that was available and on the top at-risk DMAs and Puerto Rico.

Community Walk-In Assistance Centers - The Commission sought proposals for community walk-in assistance centers to provide services to the public including demonstrations of digital-to-analog converter box installation and operation, distribution of DTV transition consumer literature, and on-line access for converter box coupon applications. The scope of the solicitations was for defined geographic areas throughout the country with a focus on providing assistance on areas with a demonstrated need for DTV preparedness. The solicitations request that proposals focus on providing assistance to low-income consumers, minority communities, non-English speaking consumers, senior citizens, consumers living in rural areas or on tribal lands, and consumers with disabilities. Awards were made on a competitive basis first to responsible certified HUBZone small business concerns. Additional awards were made on a competitive basis to responsible eligible small business concerns. If these contract awards

did not meet the Commission's needs across all geographic areas, additional awards were made on a full and open competition basis.

In-Home Digital-to-Analog Converter Box Assistance – The Commission sought proposals for two types of in-home digital-to-analog converter box assistance. Basic digital-to-analog assistance consisted of installing the digital-to-analog converter box, providing a minimal level of assistance in connecting and orienting an existing, in-home antenna, and scanning for digital channels.

Expert, complex in-home digital-to-analog converter box installation assistance consisted of installing every type of digital-to-analog converter box, making significant physical adjustments to antennas - including the possibility of suggesting the need for new antennas and mounting antennas in varied locations throughout the inside of a housing unit, scanning and rescanning to locate the maximum number of digital channels, integrating VCRs, DVD players, and other multi-media equipment into the converter box installation, and helping identify and troubleshoot loss of signal issues not resolved by antenna and scanning adjustments.

The scope of the solicitations were for defined geographic areas throughout the country with a focus on providing assistance on areas that were most in need of converter box installation assistance. The Commission sought proposals that focused on providing converter box installation to low-income consumers, minority communities, non-English speaking consumers, senior citizens, consumers living in rural areas or on tribal lands, and consumers with disabilities.

Contracts were awarded using cascading set-asides. Awards were made on a competitive basis first to responsible certified HUBZone small business concerns. Additional awards were made on a competitive basis to responsible eligible small business concerns. If these contract awards did not meet the Commission's needs across all geographic areas, additional awards were made on a full and open competition basis. Contractors were reimbursed for installations based on a per unit installation price. The price was a fully loaded rate and included all costs associated with support and overhead.

Call Center Support Services – The Commission augmented support of one its Consumer Center operation for the DTV Hotline through its existing toll free number, 1-888-CALLFCC (1-888-225-5322). The contractor provided and maintained turnkey service of trained telephone representatives, email services and telecom equipment and network services, including call processing equipment, and facilities and network services for responding to incoming English and Spanish calls regarding the transition to digital television. Offers were assessed against evaluation factors tailored for the solicitation with the award based on a best value continuum. The evaluation factors were technical capability, past performance, and price.

DTV.gov Website Development – The Commission provided education and outreach concerning the DTV transition, particularly programs to educate vulnerable populations, including senior citizens, minority communities, people with disabilities, low-income

individuals and people living in rural areas and provide one-on-one assistance to vulnerable populations including help with converter box installations. The Commission sought to expeditiously provide educational materials and improvements to its DTV web site in order to give consumers relying on over-the-air television signals the vital information they needed concerning the transition and as much time as possible to act on that information. The Commission tasked Computech with supporting the DTV 2.0 transition initiative, including the development of a redesigned website, providing statistical analysis and reporting, and delivering ongoing support and maintenance from April 1, 2009 through September 30, 2009. Computech redesigned the DTV website to improve usability, making it easier for users to find critical DTV information and to complete key tasks. Computech also provided statistical analysis and reporting including: 1) forecasting DTV call trends statistics based on the dates provided by broadcasters; 2) modeling the anticipated call volume to produce optimized staff projections for the Gettysburg call center; 3) extracting, loading, and transformation of data across multiple sources; and 4) creating canned and ad hoc reports to accommodate the Commission's DTV reporting requirements.

AGENCY ACCOUNTABILITY MECHANISMS

Recipients of contracts awarded under this program were identified along with the amount of funds awarded to each and how those funds were spent. Contract recipients reported performance information, such as the number of customers served or installations completed to the FCC during their contracts. This information was posted to the FCC's Recovery Act web site.

The Commission utilized performance information in routine decision making and performance information were the basis for ongoing modifications to the Recovery Act plans and assessments of activities. Performance was discussed at Bureau Chief meetings, daily DTV planning meetings, multiple weekly planning meetings, and in collaborative preparation of Recovery Act plans.

Program managers at the Commission were held accountable for achieving program goals through the Commission's performance evaluation systems. Reports of program progress and performance in meeting identified milestones were posted on the FCC's Recovery Act web site.

CHALLENGES

The FCC faced operational challenges during the execution of the digital television transition outreach program. Below is a list of some of the challenges that the FCC was confronted with:

1. The FCC had an unprecedented volume of contracting actions for the agency to handle during a short period of time. The FCC maintained a list of contract awards on its website at: <http://www.fcc.gov/omd/contracts/post-award/recovery.html>. While this initially proved to be an additional useful layer of transparency, the information was not always kept up to date as time passed from the initial postings.

2. Ensuring that all Recovery Act funded agreements include the required Recovery Act contract clauses was a potential problem for the FCC initially since many of its contract awards predated the issuance of the new Federal Acquisition Regulations. The FCC used alternative contract language to preserve its right to obtain the necessary data from its vendors prior to the release of the Recovery Act contract clauses that were later added to the Federal Acquisition Regulations.
3. Because the digital television transition occurred on June 12, 2009, most of the FCC's vendors had completed their work prior to www.federalreporting.gov launching for the quarter ending September 30, 2009. The FCC collected the data from its vendors prior to the launch of the system to preserve the information since most vendors had already invoiced and been paid. While most vendors were agreeable to then going to www.federalreporting.gov and reporting after they had already completed the task once for the FCC, the FCC did have a few non-reporters as a result of the time lag and double reporting. The FCC has been in contact with these non-reporters to ask them to maintain their information until a solution is presented for entering reports for previous quarters.
4. Data quality of vendor's reports was somewhat challenging as the FCC did not have full visibility into the data behind every field that the contractors report on. Using the approach of searching for significant errors and material omissions and validating objective information, the FCC did flag significant errors and was able to have the vendors correct them. OMB guidance, M-10-08, has provided additional useful items to look for when reviewing the reports in the future.