



**New York State
Office of Homeland Security**

**THOMAS G. DONLON
DIRECTOR**

November 20, 2009

Mr. Bud Larson
Associate Director
NYC Office of Management and Budget
75 Park Place
New York, NY 10007

RE: DoITT Final Fiscal Monitoring Report

Dear Mr. Larson:

Enclosed is a copy of the final report which summarizes our conclusions of the fiscal monitoring visit conducted by the Office of Homeland Security (OHS) Fiscal Monitoring Unit. It is hoped that this report helps improve New York City's management of Homeland Security grant programs. You can find the response and conclusion at the end of each recommendation.

We would like to acknowledge your staff's assistance in completing this review and our appreciation for the cooperation and courtesy shown to the OHS staff. Please contact Hepburn Williams at (212) 849-4475 if you have any questions or require additional assistance.

Sincerely,

A handwritten signature in cursive script that reads "Terry Wilber".

Terry Wilber
Principal Auditor
Fiscal Monitoring Unit

Cc: Thomas Bonner, Grants Coordinator, NYC CJC
Candace Prince, Homeland Security Grant Coordinator, NYC, CJC
Linda Mercurio, Director, Risk Management & Compliance, DoITT
Federal Fiscal Unit, OHS
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**NEW YORK STATE
OFFICE OF HOMELAND SECURITY**

FISCAL MONITORING REVIEW

FINAL REPORT

Date of Report: November 20, 2009

Grantee: New York City (NYC)

Implementing Agencies: Department of Information Technology & Telecommunication (DoITT)

Review period: 10/01/05 – 12/31/07

Preparer: Hepburn Williams

Date of Site Visit: July 21 – 23, 2009

Contract(s): C-881253 **Award Periods (s):** 10/01/04 – 09/30/09 **Award Amount(s):** 169,240,569.00 **Funding Source(s):** 2005 UASI

PURPOSE:

The purpose of this review was to obtain a reasonable assurance that New York City (NYC) and its implementing agencies administered federal funds in accordance with applicable State and federal requirements, and the terms and conditions contained in the above referenced Contract(s).

BACKGROUND:

- The City of New York received \$169,240,569 (including \$3,190,000 LETPP Supplemental) in funding through the Office for Domestic Preparedness, FFY 2005 Urban Areas Security Initiative for the purpose of providing the necessary equipment and training needed to prepare for and respond to a terrorist attack.
- Through this program, the City then targeted several first responder agencies to address their critical equipment, planning and training shortfalls. The Department of Information Technology and Telecommunication (DoITT) was budgeted to administer the project.
- DoITT is responsible for NYC's effective utilization of existing and emerging voice, video and data processing facilities and networking services to over 40 city agencies. DoITT designs, deploys, and maintains most of the City's voice, data, and communications networks.
- In an effort to improve city wide communications infrastructures, the City developed a broadband wireless network which provides voice and high speed data applications to the police, fire and emergency medical services, as well as to other public safety entities in the New City Metropolitan area. This is called the 911 Emergency Communication

Transformation Project (ECTP). This joint effort is aimed at making technology to improve the manner in which NYC directs emergency resources. The homeland security funding portion of this project is the "Automated Vehicle Locator (AVL)"

SCOPE:

We reviewed the accounting, financial, and reporting practices of NYC and DoITT for:

- a) Compliance with the award Contracts budget and reporting requirements;
- b) Maintenance of accurate and reliable accounting records; and
- c) Compliance with allowable cost and expenditure documentation standards in accordance with applicable federal, State and NYS Office of Homeland Security (OHS) guidelines.

REVIEW PROCESS:

Prior to the monitoring visit, the Fiscal Monitoring Unit sent NYC Internal Control and Fiscal Function questionnaires for DoITT to complete. These questionnaires were completed by DoITT and returned to the Fiscal Monitoring Unit on a timely basis. In addition to the questionnaires, transactions were selected from all categories reimbursed to DoITT - consultant and equipment. A list of the selected transactions was also sent in advance with the minimum required supporting documentation.

During our review, we compared relevant areas of the completed questionnaires to the actual daily functions of various units within DoITT. There was no significant variance between the responses to the questionnaires and the actual functions. The transactions selected were reviewed for proper supporting documentation and adherence to applicable State and federal guidelines.

Extensive documentation was requested from DoITT for the selected transactions. For each category of expenditure, we asked about the procurement process, documentation to substantiate this process; proof of payment to ensure that NYC / DoITT paid the vendors prior to seeking reimbursement, and documentation to verify that items were received before vendor payments. We also looked at the grant management procedures starting from procurement; if training was provided for the equipment purchased, and also scheduled maintenance and repairs. Following is the synopsis of the procurement of each category:

Consultant (Hewlett Packard): This vendor was procured through a New York State Office of General Services (OGS) contract. DoITT provided documentation on how the vendors were solicited utilizing this contract. A pre-approval conference was held; technical evaluations of the proposals were conducted and an award letter was issued. **Consultant (North Grumman):** This was a requirement contract where a RFP was issued by DoITT. An ad was placed in the City records that solicited bids for the contract. Interested parties submitted their bids, and they were evaluated in similar manner as Hewlett Packard. North Grumman was determined by DoITT to be the most qualified vendor for this project. **Equipment (Motorola):** This contract was initiated by FDNY through The Department of Citywide Administrative Services (DCAS). Motorola provided the radios and accessories for the AVL project. Motorola was used because its radio equipment was compatible with that currently used by the City.

As indicated above, DoITT maintained detailed procurement records. In addition to the procurement records, OHS analyzed the receiving reports and payment records. Since the AVL project is being administered by FDNY, we obtained information about the training and maintenance of the radio equipment and servers from FDNY. Training is conducted by Motorola and FDNY. Maintenance of equipment is performed by FDNY. OHS also requested and

received a listing with the status of all the Motorola radios purchased under this project. We were satisfied with the documentation and information provided by DoITT and FDNY.

After we reviewed all the records and information, we selected and conducted a field inspection of three locations: FDNY ECTP Command Center, Fire Department Operations Center (FDOC) to inspect the servers for the AVL project, and a Motorola wireless radio and associated AVL equipment installed in FDNY ambulance at Woodhall Hospital in Brooklyn. At the FDNY Command Center, The EMS Unit showed us the AVL system in real-time use. The supervisor in charge also demonstrated to us the many features and impressive capabilities of the AVL system. Similarly, we were able to identify an AVL server at the FDOC and observed its use. From a listing of AVL units, we made a random selection of a radio unit which was installed in a FDNY ambulance at Woodhall Hospital in Brooklyn. We identified the radio system and all its associated accessories which included a laptop. A demonstration of the system was also performed for us.

Equipment property records: With regard to the AVL related equipment with a value of \$5,000.00 and above - although in the custody of FDNY - DoITT was made aware of the Federal Grants Management Common Rule, which for DOJ grants is codified at 28 CFR §§66.1 et. seq. and at 44 CFR §§13.1 for FEMA grants. 44 CFR §13.32(d)(1) (28 CFR §66.32(d)(1) under the DOJ codification) requires grantees to maintain property records that include: a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date and cost of the property, percentage of Federal participation in the property, the location, use and condition of the property, and any ultimate disposition data including date of disposal and sale price of the property. FDNY is aware of this requirement from a previous visit conducted by OHS in May of 2008. Likewise, OHS is aware that NYC is currently working on an asset management system that will be used by all its agencies that received OHS funding. The projected implementation date of this system provided to OHS was February 2009. Therefore, OHS recommends that FDNY continues to work with NYC on this asset management system to become compliant.

Finally, as a result of our review and inspections, we have made an observation and, accordingly, issue our recommendation.

AVL Communication Equipment

The FY05 Homeland Security Grant Program Guidelines require that the specific goals and objectives funded by this grant program be completed within the contract timeframe. The award period of this Contract is October 01, 2004 to September 30, 2009. Through the AVL program, FDNY purchased and provided to us a list of over one thousand Motorola radios either installed, being repaired or waiting to be installed. This listing was provided to us during the field visit. At that time, about 39% of these radios had been installed on emergency vehicles; about 3% were being repaired, and 58% were awaiting deployment (in the warehouse). A significant number of radios and associated AVL equipment are still stored in boxes. Discussion with a FDOC representative revealed that no plan is in place to have the radios installed before the end of the Contract period. Equipment not being utilized is not benefiting the goals and objectives of this project and therefore expenditures may be disallowed.

Recommendation:

It is recommended that FDNY identify all the vehicles to be installed with the AVL system, and formulate a plan to have the equipment in place and fully operational by September 30, 2009 in

order to contribute to the goals and objectives they were intended to support within the Contract period.

Response and Conclusion

DoITT: There are a total of 1019 AVLs purchased with Department of Homeland Security funds for municipal (FDNY) vehicles. At the time of the site visit, 204 AVLs were pending installations. As of the date of this response, all 204 have been installed. Please see below schedule (list was attached to response).

With the above installations completed within the required time frame, below is a status breakdown of the current AVL equipment that explains why the audit observation pertaining to a 39% install level failed to take some important factors into account:

- 598 AVLs are installed and operational.
- Consistent with FDNY protocol for radio operations, 256 AVLs are maintained as spares for emergency replacements to ensure system-wide AVL service integrity.

Therefore, of the 1019 AVL boxes procured via DHS funds 854 or 84% are in or available for swap out as conditions warrant. It should be noted that the spare count number also provides back-up coverage for 911 hospital-based ambulance service providers. These participants that are not directly operated by FDNY provide daily tour coverage under contractual agreements between FDNY and these facilities. Over 200 ambulances in the hospital sector had AVL boxes installed by FDNY as mandatory requirements for 911 participation. The hospitals paid for the initially installed AVL box. FDNY did the installation, provides maintenance and upkeep and also provides spare AVL boxes as necessary.

- 131 AVLs originally installed, were removed from service when the vehicles were "retired". 40 have since been re-installed in supervisory based vehicles. The remaining 91 have been added into the FDNY rotating spare pool.
- 34 AVLs are awaiting repair.

The above bulleted items total to 1019 AVLs, which is the number of equipment purchased with DHS funds. Therefore, this places the FDNY in full compliance with your recommendation to have the AVL systems in place and operational by September 30, 2009.

We would also like to address the Federal Grants Management Common Rule discussed in the report which addresses asset management of AVL equipment with a value of \$5,000 and above.

To enhance and standardize the quality of such inventory data across agencies, NYC purchased an inventory management system called the Grant Tracking System (GTS) for equipment purchased with Homeland Security grant funds. This system will allow us to track, locate and catalogue all equipment purchases with a unit cost of \$5,000 or above made with Homeland Security dollars.

GTS is a web-based inventory system, which includes barcode stickers and handheld barcode readers. GTS was developed using the inventory and equipment management requirements of the federal grantor and State pass-through entities.

GTS went live on July 1, 2009. The Grant Tracking System can be accessed via CityShare or via intranet by the URL named GTS.nycnet.

FDNY currently keeps a physical inventory of equipment that is reconciled at a minimum of once every two years. Once GTS is fully functional at FDNY they will do a count of all Federal Equipment (inventory over \$5,000), tag the asset and scan. There will also be sampling to ensure the accuracy of the system.

OHS: Based on the above response, OHS agrees that these actions will address the intent of the recommendation. Since the GTS is not fully functional at FDNY, it is requested that OHS be provided the timeframe for full utilization. The timeframe should be submitted to OHS within two weeks from the date on this letter. This will allow OHS to monitor corrective action progress.