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CliftonLarsonAllen LLP
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**PERFORMANCE AUDIT REPORT
of
Public Safety and Homeland Security Bureau**

**Conducted for the
Federal Communications Commission
Office of Inspector General**

February 26, 2015

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EXECUTIVE SUMMARY

CliftonLarsonAllen LLP (CLA) was engaged by the Federal Communications Commission (FCC or Commission), Office of Inspector General (OIG) to conduct a performance audit of the Public Safety and Homeland Security Bureau (PSHSB or Bureau). We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient and 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 the audit objectives.

The performance audit objectives in our contract were to evaluate:

1. The effectiveness of the bureau or office organization to accomplish the assigned mission.
2. The economy, efficiency, and effectiveness of the bureau in accomplishing its assigned mission.
3. The adequacy and effectiveness of the bureau or office policies and procedures.

CLA performed a risk analysis and identified the following test objectives:

1. To analyze the extent to which the Operations and Emergency Management (OEM) Division's Standard Operating Procedures (SOP) is current and producing intended results that are consistent with the SOP's objectives.
2. To obtain an understanding of the Cybersecurity and Communications Reliability (CCR) Division's rule making process and evaluate the extent of backlog and the reasons for the backlog.
3. To understand the Policy and Licensing (P&L) Division's case management Process and review the Division's ability to effectively track and manage case workload, including backlog.

Additional details on the audit Objectives, Scope, and Methodology are provided in Appendix A of this report.

CLA concluded as follows:

1. OEM Division: In CLA's test of three SOP documents, CLA found that the SOPs were not current, and therefore, may not be effectively producing intended results consistent with the SOP's objectives.
2. CCR Division: We found the CCR's rule making process to be reasonable and its backlog management process to be effective.
3. P&L Division: We found that P&L Division was able to effectively track and manage case workload, including backlog, by following their Backlog Reduction Plan (BRP).

BACKGROUND

FCC and the PSHSB

The PSHSB advises, makes recommendations to the Commission, or acts for the Commission under delegated authority in all matters pertaining to public safety, homeland security, national security, emergency management and preparedness, disaster management, and ancillary operations. The Bureau's front office provides general leadership and direction to the Bureau as it carries out its functions pursuant to delegated authority. The Bureau has responsibility for coordinating public safety, homeland security, national security, emergency management and preparedness, disaster management, and related activities within the Commission, including¹:

- Public safety communications (including 911 centers and first responders);
- Priority emergency communications;
- Public safety and disaster outreach functions (e.g. , coordinating with Public Safety Answering Points (PSAPs), first responders, governmental agencies, and others);
- Alert and warning of U.S. citizens;
- Continuity of Government Operations (COG) and Continuity of Operations (COOP) planning;
- Disaster management coordination (i.e., infrastructure reporting and analysis in times of disaster);
- Disaster management outreach;
- Communications infrastructure protection;
- Network reliability and interoperability; and
- Network security.

The PSHSB is organized into three divisions: the OEM, the CCR, and the P&L.

1. The OEM division manages and leads the FCC's all hazards emergency preparedness and response activities. OEM operates both the FCC Operations Center (FCC OC), and the FCC's High Frequency Direction Finding Center (HFDFC), a 24x7 operations watch and reporting center. OEM staff members are subject matter experts in a variety of technical disciplines and deploy to the field to provide assistance to FEMA, state, local, and tribal governments and the public safety community with disaster response and recovery of communications. OEM provides leadership and support for interagency working groups and intergovernmental coordination, and guides FCC Continuity of Operations, Continuity of Government, and Pandemic planning.
2. The CCR division works with the communications industry to develop and implement improvements that help ensure the reliability, redundancy and security of the nation's communications infrastructure. CCR oversees and analyzes network outage reports on an everyday basis submitted by communications providers to identify trends in network disruptions as well as individual outages. CCR staff works with communications providers to facilitate improvements to communications infrastructure reliability.
3. The P&L division drafts, develops, and administers rules, regulations, and policies, including those pertaining to the 911/Enhanced 911 (E911), PSAPs, Communications Assistance for

¹ Request for Proposal's Statement of Work for the Audit of the PSHSB

Law Enforcement Act (CALEA), alert warning systems [including the Emergency Alert System (EAS)], and priority communications (Telecommunications Service Priority/Wireless Service Priority), and works in conjunction with other divisions on matters relating to operability and interoperability for public safety communications, communications infrastructure protection, network security and reliability.

AUDIT RESULTS

OEM Division:

For the OEM division, CLA designed tests to review the effectiveness of the divisions Standard Operating Procedures. We tested three of the divisions 36 active Standard Operating Procedures (SOP) to determine the extent to which they were current and producing intended results. We determined that the processes identified in the SOPs were not in agreement with the procedures the Operations Center was performing. Specifically we found:

SOP No: 01 – Notice of Outage Reporting System Test Results. CLA obtained a NORS data extract reflecting NORS events between September 2013 through August 2014. This data extract reflected all NORS events classified as catastrophic and major. We randomly selected 10 samples for testing. The samples were used to test and verify if OEM followed the SOP during Catastrophic events. CLA determined the SOP not to be current. We identified in our test that there were changes made to the threshold by the NORS Analytic Group and updated in the NORS System; however, the Operations Center was not notified of this change and the SOP was not updated to reflect this change.

SOP No: 34 – Significant Event Summaries. CLA tested all six significant event summaries using attributes extracted from the SOP procedures. During testing, there were four procedures related to communication, distribution, data and updates that were changed but not reflected in the SOP. CLA determined this SOP not to be current.

SOP No: 36 – Operations Center Training. CLA tested the recertification process for all six Watch Officers and compared to the SOP procedures. We noted that the recertification is currently performed quarterly but the SOP states that it is done annually. Although the current procedure is an improvement, CLA determined the SOP not to be current.

In discussion with the OC Director, it was noted that past currency reviews primarily focused on ensuring names of individuals are correct, that they still work at the FCC and that their phone numbers are current. While we agree that currency of this information is vital, reviewing to ensure the SOP is reflecting the correct procedure(s) is also critical to ensure proper and timely communications are made and/or processes are activated.

Also, if SOPs are not reflective of current processes/procedures, it could result in errors or misunderstanding causing incorrect decisions or counsel provided by Senior FCC Leadership to the FCC Bureaus or to other Federal agencies such as DHS and FEMA.

CCR Division:

For the CCR Division, CLA performed a walkthrough to understand the division's rule making process and designed tests to evaluate the extent of the division's backlog and reasons for the

backlog. CLA, using professional judgment, selected two of the eight items identified as backlog in the QFR 7000 Report (which contains all backlog cases for PSHSB) for our walkthrough and reviewed all eight items. We tested specific processes used for the petition/rulemaking. These included: Initial Filing, Submission to the Federal Register IAW the Federal Register Act, Public Comment, Reply Period, Preparation of the NPRM for the OCH, and NPRM Approval. CLA found no exceptions related to the FCC rules or regulations applicable to the CCR regarding the staffing, monitoring or processing of documents during the petition/rulemaking process.

P&L Division:

For the P&L Division, CLA designed tests to understand the division’s case management process and examined the division’s ability to effectively track and manage its case workload and backlog. CLA tested 26 closed cases and 20 pending cases and found that the division is effectively tracking and managing its case workload.

Recommendation

Following the findings noted, PSHSB’s management immediately informed CLA that they have updated the three SOPs tested; however, CLA was not able to test the updated SOPs. CLA recommends that management complete the process of updating all SOPs and establish a process for updating SOPs on a reoccurring basis.

PSHSB’S MANAGEMENT RESPONSE:

PSHSB’s management responded that they do not have any issue with the draft report. See Appendix B for detail response.

This communication is intended solely for the information and use of the FCC management, and the FCC OIG and is not intended to be, and should not be, used by anyone other than these specified parties.

CLA performed its work between July 1, 2014 and November 24, 2014.

CLIFTONLARSONALLEN LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 24, 2014

APPENDIX A

OBJECTIVES, SCOPE AND METHODOLOGY

The performance audit objectives in our contract were to evaluate:

1. The effectiveness of the bureau or office organization to accomplish the assigned mission.
2. The economy, efficiency, and effectiveness of the bureau in accomplishing its assigned mission.
3. The adequacy and effectiveness of the bureau or office policies and procedures.

The scope of the audit in our contract was to evaluate:

1. Identify the mission, duties, and responsibilities of the bureau or office.
2. Determine the effectiveness of the organizational structure to accomplishing the mission.
3. Evaluate the efficiency of the operation of the bureau or office.
4. Assess the adequacy and effectiveness of the bureau or office policies and procedures; and determine the bureau or office compliance with applicable laws and regulations as well as directives, policies, and procedures related to the assigned mission.

CLA performed a risk analysis and identified the following test objectives:

1. To analyze the extent to which the OEM SOP is current and producing intended results that are consistent with the SOP's objectives.
2. To obtain an understanding of the CCR's rule making process and evaluate the extent of backlog and the reasons for the backlog.
3. To understand the P&L Division's case management Process and review the Division's ability to effectively track and manage case workload, including backlog.

Risk Analysis

CLA performed a risk analysis for each of the three Divisions within the PSHSB. The ultimate goal of this analysis was to determine, based on risk, the programs, processes, or functions that CLA could pursue and further test or evaluate in performance of the audit objectives.

As part of the risk analysis and to assist in determining the specific areas to focus on for the performance audit, CLA performed, on an individual basis, abbreviated strengths, weaknesses, opportunities and threats (SWOT) analysis for each Division. This analysis was performed through interviews with Division leadership. While strengths and opportunities were addressed and recorded, CLA focused on the weaknesses and threats for purposes of this performance audit.

Sample Selection

With regard to the areas identified for audit, CLA developed the process for sampling, conducting walk throughs and testing for each Division to determine PSHSB's compliance with the FCC policies and procedures or process guidance. The specific approach taken was as follows:

CLA's process for selecting samples was primarily based on professional judgment and the random number generator within MS Excel.

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1. Selecting the sample of OEM SOPs: There are a total of 49 SOPs (36 active, five not provided for sensitivity, eight rescinded). Of the 36 active, three SOPs were selected. CLA used professional judgment in selecting the three SOPs for testing and the selection was based on:
 - a. The age of the SOP
 - b. Significance of the SOP to the operations
 - c. Procedures within the SOP that provides CLA measurement criteria to test whether the SOP is current (current practice is the same as what is documented in the SOP) and whether the SOP intended results are consistent with the SOP's objectives (effectiveness of the SOP)
 - d. Test scope is within the FCC environment and not requiring outside agencies such as the enforcement agencies (DHS, DOJ, FBI, etc.), telecommunication providers, bureaus outside of the PSHSB, or public (consumers)
 - e. Procedures are not classified

SOPs Selected for Testing:

- i. SOP 1: Network Outage Reporting System (NORS) – This SOP establishes Operations Center tasks should a major or catastrophic event occur. CLA selected 10 catastrophic events out of 67 reported events over the past year using random number generator. CLA reviewed the SOP to determine conformance to the procedures within the SOP.
 - ii. SOP 34: Significant Event Summaries – This SOP identifies the OEM Operations Center as the initial point of contact within the FCC for all events and the on-duty Operations Officer is responsible for proper reporting. There were six significant events reported over the past year. CLA reviewed all six events for conformance to the procedures within the SOP.
 - iii. SOP 36: FCC Operations Center Training – This SOP establishes Operations Center Training. There are six watch officers that require training. CLA reviewed the annual training for three of the six watch officers and the procedures within the SOP.
2. CCR Division: CLA performed a walkthrough of the rulemaking process and reviewed the CCR's backlog report. We reviewed all eight backlogged cases in the report provided to us and did not perform sampling of the cases.
3. P&L Division: To review P&L's backlog and the case management process, CLA conducted random sampling from data extracted from the Electronic Management Tracking System (EMTS). CLA's sample was stratified into two sets. One sample set was from the cases closed or completed in Fiscal Year (FY) 2014 and the second set was from the cases outstanding/backlog as of August 31, 2014. Using random sampling generator and GAO FAM guidance, we randomly selected a total of 45 samples plus one additional sample for walkthrough: 26 samples from cases completed or closed and 20 samples from backlog or cases pending (cases not yet closed).
 - a. Summary of 26 Closed Case Testing. CLA elected to increase the sample of 25 closed cases by one because there was one closed case that stood out because of the amount of time reflected to close. While this case was not within CLAs sample selection, we made the decision that it was appropriate to make it one of the two cases to perform a walk through and reviewed it with the P&L Division staff. In our review of all 26 closed cases, CLA did not find that P&L was in violation of any FCC

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rules or regulations regarding the staffing, monitoring or processing of documents during the petition/rulemaking process.

- b. Summary the 20 Open Case Testing:
 - i. There were 10 cases that met P&L's internal timeline to process.
 - ii. There were 10 cases that exceeded P&L's internal timeline. These 10 cases relate to appeals, waiver requests and other cases with multiple rule making and international treaty issues that could not be resolved within the target timeline.

APPENDIX B



Federal Communications Commission
Washington, D.C. 20554

MEMORANDUM

DATE: March 17, 2015

TO: David L. Hunt, Inspector General

FROM: David Simpson, Rear Admiral (Ret.) USN
Chief, Public Safety and Homeland Security Bureau

A handwritten signature in black ink, appearing to read "David Simpson", with the date "3/17" written to its right.

SUBJECT: Management Response to the Draft Performance Audit Report of the Public Safety and Homeland Security Bureau

I appreciate the opportunity to work with your Office and the outside auditors on this engagement and to review the draft report entitled, *Performance Audit Report of Public Safety and Homeland Security Bureau*. I believe the audit process has benefited the FCC in evaluating the adequacy and effectiveness of the Bureau in accomplishing its assigned mission.

The Bureau concurs with the audit findings and has taken steps to implement the recommendations. Specifically, the report concluded that some of the standard operating procedures (SOPs) used by the Operations and Emergency Management Division (OEM) are out of date. It recommends that OEM: (1) review all current SOPs and update them, as appropriate; and (2) establish a process for updating all SOPs on a recurring basis. In accordance with the audit recommendations, the Bureau has now updated that three SOPs tested in the audit and is in the final stages of updating the remaining SOPs. Also, the Bureau is implementing a process for updating all SOPs on a recurring basis.