



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
ACQUISITION AND GRANTS OFFICE

June 1, 2012

Mr. Patrick Barringer
GovNET, Inc.
7835 E. McClain Drive
Scottsdale, AZ 85260

Subject: Broadband Technology Opportunities Program (BTOP)
Grant Award No. NT10BIX5570136
GovNET, Inc. (GovNET)
Suspension of Award

Dear Mr. Barringer:

Upon acceptance of a grant from the Department of Commerce, your organization agreed to comply with requirements specified in the terms and conditions of the award. The National Oceanic and Atmospheric Administration (NOAA) Grants Office received notice from the National Telecommunications and Information Administration (NTIA) Program Office that you have not complied with these terms and conditions, as noted below. NTIA recommended that NOAA suspend your BTOP award, and consequently NOAA suspended your award on May 22, 2012 and placed it under the corrective action plan (CAP) detailed below. As part of that CAP, representatives of NOAA and NTIA will perform a site visit to your offices on June 12-13, 2012.

REASON FOR SUSPENSION: Under the terms and conditions of GovNET's BTOP award, all costs charged to the award must be reasonable, allocable, and consistent with the required accounting standards, the terms of the award, and the cost principles at 48 C.F.R. subpart 31.2. *See* 48 C.F.R. § 48.31.201-2(a). GovNET is required to maintain a financial management system that ensures effective control over and accountability for all funds and ensures that those funds are used solely for authorized purposes. *See* 15 C.F.R. § 14.21(b). Furthermore, GovNET must maintain and follow written procedures for determining the reasonableness, allocability, and allowability of costs. *See id.*

A preliminary review of GovNET's reimbursement requests raised questions about the allowability of certain expenditures, including transactions that may involve conflicts of interest, potentially unreasonable travel expenses, and significant costs that do not appear to be covered by GovNET's approved budget. As a result, NOAA and NTIA considered it necessary to stop work and payments on the project to protect taxpayer investment.

RESULT: Due to material noncompliance with the terms and conditions of your award, NOAA suspended your award, effective May 22, 2012. The suspension required you to cease all project deployment work immediately. This suspension will remain in effect until NTIA and NOAA personnel have performed the site visit on June 12-13, 2012 and evaluated their findings, if any, during such visit.

Effective the date of the suspension, NOAA authorizes you to incur the following costs on an agency review basis only:

- Reasonable costs required to respond to specific requests for information from NOAA and NTIA;
- Reasonable costs associated with preparation for and participation in the June 12-13, 2012 site visit;
- Reasonable costs associated with responding to the CAP dated May 2, 2012;
- Reasonable costs of attendance at the May 23-24, 2012 Schools, Health, and Libraries Coalition conference in Arlington, Virginia;
- Reasonable costs necessary to secure any grant-funded property;
- Reasonable costs necessary to ensure the safety and security of the work sites; and
- Reasonable costs necessary to safely halt any construction that may have begun.

Other costs incurred while your award is suspended are allowable only under the conditions specified in 15 C.F.R. § 14.62(c).

While your award is suspended, NOAA will not process any pending or future requests for reimbursement except for the costs that are allowed pursuant to this letter. In the case of delinquent financial or progress reports, a debt will be established representing the amount drawn down during the period covered by the report.

REQUIRED CORRECTIVE ACTION: The CAP below applies to your BTOP Comprehensive Community Infrastructure grant award.

1. NOAA and NTIA personnel intend to perform a site visit to GovNET headquarters on June 12-13, 2012. At that time:
 - a. GovNET must have all of its books and records associated with the grant available for inspection.
 - b. GovNET must make all personnel associated with the grant available to be interviewed.
 - c. GovNET must allow NOAA and NTIA, upon request, to inspect any equipment or other property purchased with grant funds, including property that may be installed at work sites associated with the grant.
2. While the award remains suspended, GovNET must secure the grant-funded property to protect it against loss, damage, or theft.

During the site visit, NOAA and NTIA will evaluate GovNET's expenditures to date and reassess whether the suspension should be lifted. NOAA and NTIA also may request follow up information to assist in the decision and will notify you of our decision regarding the suspension upon completion our full analysis of the documentation we reviewed, including any follow up questions.

Failure to provide a sufficient and adequate response to the CAP dated May 2, 2012 and site visit scheduled for June 12 – 13, 2012, may result in additional enforcement actions, including but not limited to, termination of the award. Please contact Katherine Scott at 202-482-2205 or kscott@ntia.doc.gov should you require further details about this request.

Thank you for your cooperation and assistance.

Sincerely,



Arlene Simpson-Porter, Director
NOAA Grants Management Division

CC: Karen McCoy, GovNET Inc.
Anthony Wilhelm, NTIA
Douglas Kinkoph, NTIA
Aimee Meacham, NTIA
Katherine Scott, NTIA
Larry Jenkins, NOAA