

Kentucky Office of Homeland Security (KOHS)

Office of the Governor, Matthew G. Bevin

911 Services Board

Certified 911 Call Center Financial Requirements

KACTFO Conference

May 16, 2019

Kentucky Office of Homeland Security

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Session Panelists

- Mike Sunseri, KOHS Deputy Director/911 Services Board Administrator
- Christie Ross, KY 911 Services Board Chief Operations Officer

During this session, you will learn:

- Brief history of 911 Services Board
- Relationship between K911 & KOHS
- What is a PSAP?
- Kentucky statutes and regulations that govern PSAP spending
- Importance of the mandatory annual PSAP survey
- How to prepare for PSAP financial reviews
- Best practices to not only survive, but thrive your APA financial review!

All PSAPs

KRS 65.760 (4)

- All revenues raised from any special tax, license, or fee levied under subsection (3) of this section shall be expended only as provided in this subsection and only to the extent that the expenditure is **directly attributable** to the establishment, operation, or maintenance of a PSAP, the delivery of 911 emergency services, or the provision of wireless enhanced 911 services.

Certified PSAPs

202 KAR 6:090 Permitted uses by PSAPs for CMRS funds

- Section 2. Allocation of CMRS Funds.
- (1) Wireless only costs. CMRS funds may be expended for costs which are solely for the provision of enhanced 911 service involving calls from wireless consumers.
- (2) Wireline and wireless-shared costs. Costs for personnel, equipment, or facilities which are necessarily shared by calls to 911 from wireline and wireless users shall be prorated based on the percentage of call traffic attributed to calls from wireless users. CMRS funds may be used only for the wireless prorated portion.
- (3) Multifunction personnel, equipment, or facility shared costs. Expenses for personnel, equipment, or facilities which serve multiple functions or purposes shall be prorated. Only those costs for the prorated wireless portion directly involved in the delivery of 911 service shall be allowed.

202 KAR 6:090 Permitted uses by PSAPs for CMRS funds

- Section 3. Allowed 911 Center Operational Expenditures. (1) Personnel costs. Costs for the following employees, **to the extent their duties are directly attributable to delivery of 911 service**, shall be allowed.
 - Personnel
 - Facility costs
 - Training and memberships
 - Hardware, software and peripheral equipment
 - Vehicle costs
 - Professional services
 - Public education

202 KAR 6:090 Permitted uses by PSAPs for CMRS funds

- Section 4. Not Allowed 911 Center Operational Expenses.

- (1) Personnel costs. Personnel costs for... personnel shall not be allowed, **except when directly functioning as 911 center staff.**
- (2) Facility costs. Facility costs ...shall not be allowed, **except for that portion used for 911 operations.**
- (3) Training and memberships... for staff **not directly involved in the delivery of 911 services** or courses whose content is not intended to increase of the knowledge, skills, and abilities of 911 personnel in regard to delivery of 911 service.

Hardware software, and peripheral equipment; vehicle costs; professional services; public education: **not directly attributable to the delivery of 911 services.**

Reporting requirements

KRS 65.7630 Gathering and reporting information regarding 911 emergency communications funding and costs -- Annual report to board by agencies and providers –**PSAP SURVEY**

- **Section 3:** PSAPs shall provide at least the following information to the board each fiscal year:
 - (a) The amount of revenue available or budgeted for 911 services from the following sources:
 - 1. The state general fund;
 - 2. CMRS funds received through the distribution formula under KRS 65.7631;
 - 3. City and county general funds.

Reporting requirements

- 4. CMRS grant funds
- 5. Other grant funds and their sources; and
- 6. Any other funds received for 911 service and their sources; and
- (b) How the revenue described in this paragraph was spent by the PSAPs.

(5) Each local governmental agency, state governmental agency, or wireless or wireline provider of technology capable of transmitting voice traffic for an emergency 911 request to a **PSAP that fails to provide the information required by this section shall not be eligible to receive distributions of state funds from the CMRS Board.**



Preparing for Financial Reviews

Kentucky Auditor of Public Accounts
Mike Harlan, Auditor

John W. Holiday, Homeland Security Advisor

Kentucky Auditor of Public Accounts



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Objectives

- What are the statutory audit requirements?
- How are these requirements met?
- What should I expect during an audit or AUP?

Audit requirements by statute

- KRS 65.7629(13). Audit once every 24 months the books of the 911 Services Board, providers, and PSAPs eligible to request or receive disbursements from the CMRS fund
 - Verify accuracy of collections, receipts, and disbursements of revenues from CMRS service charges.
 - Verify accuracy of the number of wireless 911 calls received by each PSAP eligible to request or receive disbursement.
 - Determine whether revenues generated by the CMRS service charge equals, exceeds, or are less than costs incurred to comply with the FCC order.
 - Determine the sufficiency of the funds withheld for administrative purposes (2.5% per KRS 65.7631(2)).
 - Verify the accuracy of CMRS customer count information reported to the 911 Services Board by providers.

Statutory audit requirements of the Board

911 Services Board Audit

- Performed every 2 years, and covers both of the years since the last audit.
- Report issued in June 2018 for FYs 2014, 2015, 2016, and 2017 to catch up.
- Next audit will be of FY 2018 and 2019.
- Audit covers books of the 911 Services Board, including:
 - Board Administrative Fund
 - Carrier Cost Recovery Fund
 - PSAP Pro Rata Disbursement Fund
 - PSAP Volume Disbursement Fund
 - Grant Fund

Statutory audit requirements for PSAPs

- Agreed Upon Procedures Engagement
 - Performed every 2 years, but due to lapses in meeting this requirement, a catch up engagement is required. Each carrier and PSAP will have individual results reported.
 - Half of PSAPs will be subject to a catch up AUP for FYs 2016-2018. These procedures began in early 2019. The next AUP would then be for FYs 2019 and 2020, performed in early 2021.
 - The remaining half of PSAPs will be subject to a catch up AUP for FYs 2016-2019. These procedures are expected to begin in early 2020. The next AUP would then be for FYs 2020 and 2021, performed in early 2022.

What to Expect During the AUP

- Contact begins with a call or email from the auditor.
- Schedule time for an onsite visit.
- Auditor needs a primary contact for audit requests.
- Auditor will make a preliminary request for information. This will not be everything they need.

What to Expect During the AUP

General Questions:

- Did the PSAP's receive any CMRS grants or expend any CMRS grant funds during fiscal years 2016, 2017, and 2018?
 - If yes, can you explain how those receipts and expenditures are identified in the general ledgers?
 - Also, can you provide any applicable grant agreement or agreements?
- Does your organization prorate expenditures according to the number of wireless calls received by the center?
- Are CMRS funds exclusively used for personnel costs without being prorated?
- Can we trace CMRS receipts to CMRS expenditures in the ledgers?

What to Expect During the AUP

Items Requested:

- From your accounting system, a copy of the General Ledger, including all transaction detail and a summary Trial Balance that contains all fiscal year (FY) 2016, 2017 and 2018 receipts and expenses for the 911 PSAP center relating to CMRS funds. This financial information will be compared to the PSAP Self-Reported Survey submitted annually to the Board via electronic submission. **NOTE: Our procedures require us to perform certain computations on your General Ledgers. Please provide your General Ledgers in excel format or ensure ledgers submitted include totals and/or subtotals to increase efficiency.**
- If the names of the expenditure categories used in your accounting system differ from those used in the KY 911 Services Board electronic submission, then please provide a reconciliation or crosswalk to explain how to take the information from your accounting system to the reports electronically submitted to the Board.

What to Expect During the AUP

Items Requested:

- Personnel related:
 - A report of personnel costs (wages and benefits) for each fiscal year (2016, 2017 and 2018).
 - A list of names and position titles for employees making up each report requested above.
 - *Note: APA does not need private or protected information such as social security numbers, birthdates, addresses, etc. Please do not include or black out this information. If you have any concerns about the accidental release of this information please contact APA.*
- The PSAP's annual call traffic reports for FY 2016, 2017, and 2018 that were submitted to the Board, including the documented method used by the PSAP to allocate expenses to the CMRS fund for wireless calls.
- The PSAP's inventory and equipment reports that identify assets purchased with CMRS funds for FY 2016, 2017, and 2018. (If CMRS funds are used exclusively for payroll this will not apply, as asked in #3 above. Please state if this is the case.)

What to Expect During the AUP

- Preliminary request for information
 - Written policy and procedures manuals. (PSAP)
 - Call volume reports, distinguish between wireless and wireline/VOIP call sources.
 - Budget (PSAP)
 - Information about the accounting system you utilize. (PSAP and Carrier)
 - General ledger detail of 911 Services Board related receipts and disbursements (PSAP and Carrier)
 - Grant award documentation (PSAP), including grant contract, quarterly reports, reimbursement requests, invoices, cancelled checks, inventory report with serial numbers (if applicable).
 - Copies of reports or other information submitted to the 911 Services Board regarding expenditures, etc. (PSAP and Carrier)

What to Expect During the AUP

- Once on-site, the auditor will:
 - Conduct interviews with personnel with direct knowledge of your processes and accounting practices.
 - Request supporting documentation for a sample of transactions. Verify the serial numbers for grant purchased equipment.
 - Perform additional inquiry as needed.
 - May request additional information needed for analysis or to help assess compliance.

What to Expect During the AUP

- Remember: Auditors arrive after the fiscal year is already over. You can't modify those records after the fact. But, be aware of situations that happened during the period under review that may warrant additional explanation.
- Ensure your records are complete, well organized, available, and filed in a way that makes them easy to locate.
- Understand the compliance requirements in both the statute and regulation.
- Talk openly to the auditor. If there were situations that needed to be handled differently during the year, let them know the situation and the reasons why.
- Auditors will let you know of any discrepancies, and you will have an opportunity to locate additional information or provide more explanation.

Initial financial review feedback

- Avoid co-mingling of 911 Services Board revenue, PSAP local wireline fees and grant payments with general or other funds.
- KRS 65.760, 65.7631 and 202 KAR 6:090 state 911 fees may only be expended to deliver 911 services and therefore cannot be used for other local government services (police, fire, rescue, jail, etc.).

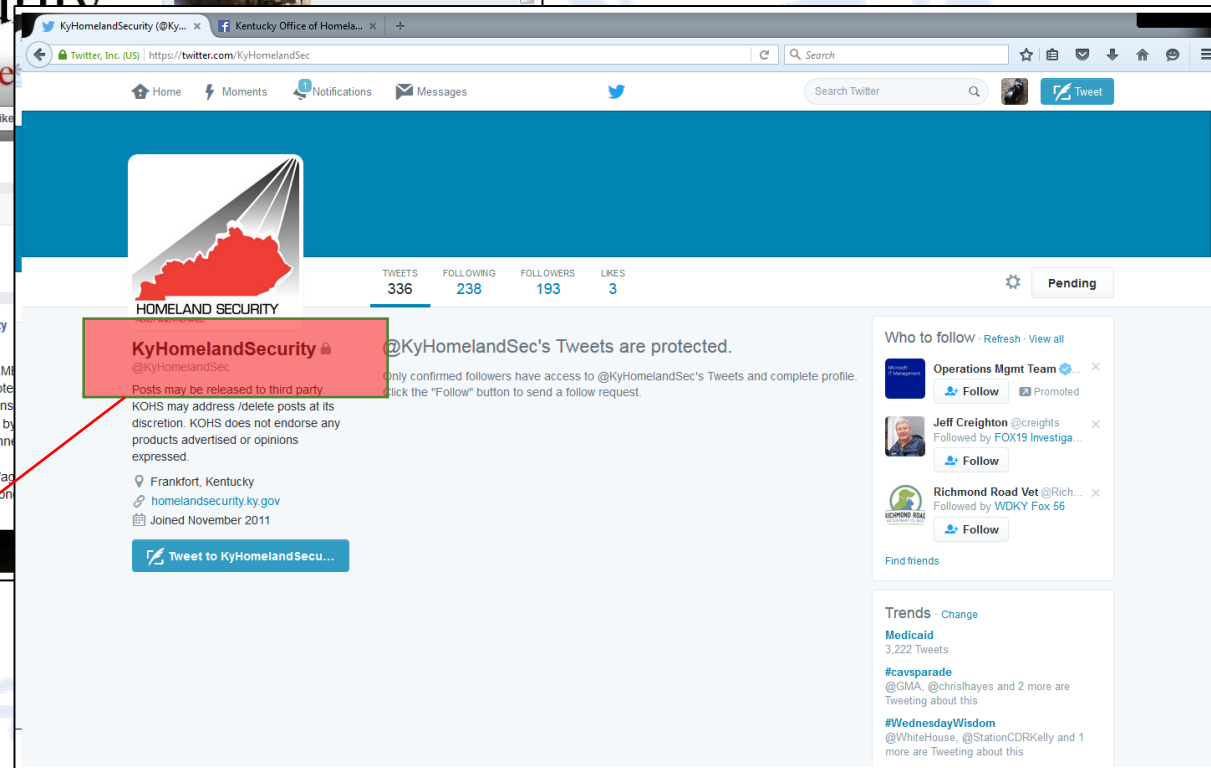
Initial financial review feedback

- Grant purchases: if equipment obtained under a grant is sold or transferred within three years, funds must be returned to the Board on a prorated basis.
- Ability to establish ratio of wireless to wireline/VOIP call volume.
 - 80% wireless average 911 calls = 80% of expenses tracked to wireless delivery. Most PSAPs can apply their CMRS revenue to personnel expenses to satisfy the expenditure of funds received from the 911 Services Board, but must apply the call volume ratio.

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* Comments

“If you **See Something, **Say** Something”™**

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What are your questions?

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