Future-Proofing Your Funding

A Proactive Approach to Rural Broadband Grant Compliance

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Agenda

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2. Award Receipt

3. Pre-Funding

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5. Post Award

6. Closeout

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Are You Prepared to Protect Your Investment in this Grant Award?

Everyone Stand Up

Stay standing if you have:

1 – 5 awards

More than 5 awards

More than 10 awards

Raise your hand if:

You have a comprehensive written plan to comply with your award requirements.
(including financial/operational/construction)

You have been through an audit for your grant.

Raise your hand if:

You have applied for BEAD.

You included a compliance budget in your BEAD application.

Grants Lifecycle

Award Receipt

- Review, Assess & Interpret Grant Agreement
- Mitigate Risk
- Identify Red Flags
- Execute Grant Agreement

Pre-Funding

- Develop a Project Management Plan
- Centralize Grant Tracking
- Comply with Environmental/ Historic Requirements
- Prepare Initial Reports
- Implement Internal Controls

Post Award

- Prepare Ongoing Compliance, Financial & Programmatic Reporting
- Maintain Visibility into Engineering
- Property Management & Procurement
- Prepare for Audit(s)

Closeout

- Prepare Final Report
- Manage Property Retention & Disposition
- Retain Records

Award Receipt:
Setting Compliance Goals

- Begins immediately after award notification until full execution of grant agreement

- **Grant Agreement Review, Assessment, & Interpretation**

  o Thorough review of the grant agreement, including all terms & conditions, to identify key compliance requirements, deadlines, & potential risks.

- **Risk Mitigation**

  o Identify potential compliance red flags early on & develop sustainable processes to mitigate risks. This includes thorough needs assessments, meticulous documentation, & robust internal controls.

Award Receipt: Identifying Common Red Flags

Lack of:

- Established policies, process or internal controls

- Knowledge of the state & federal award rules

- Trained/available resources

- Grant management tools to organize information (especially across multiple awards)

- Familiarity with the reporting process

- Efficient & well-organized record retention

Award Receipt :
Case Study

- **Challenge:** Provider received a BEAD award, but the grant agreement did not include key terms on things like consultant reimbursement and how prevailing wage applies. The agreement says "subgrantee agrees to provide by BEAD NOFO elements," but doesn't spell out what those elements are.

- **Action:** Subgrantees/awardees might need to go beyond the grant award agreement to determine relevant requirements. They asked JSI for grant agreement interpretation.

- **Result:** Subgrantee/awardee protected its investment by understanding relevant compliance obligations comprehensively across a range of contractual and regulatory sources.

- **Takeaway:** Know the award requirements beyond the grant agreement.

Pre-Funding: Compliance Goals

- Begins immediately after the award agreement has been executed and continues through National Environmental Policy Act (NEPA) clearance (*where applicable*).

- **Project Management Plan Development**

  o Develop a comprehensive project management plan that aligns with grant requirements, including timelines, milestones, deliverables, & budget management.

- **Centralized Grant Tracking**

  o Develop a centralized electronic tracking, notification, & storage tool to deliver required reporting to awarding agencies.

  o Create a customized compliance matrix or checklist outlining specific grant requirements, internal controls, & reporting procedures.

Pre-Funding:
Compliance Goals, cont'd

- **Environmental/Historic Preservation (EHP) Compliance**

  o EHP reviews & permitting processes as needed (especially important for projects involving construction or infrastructure).

- **Initial Reporting**

  o Development, preparation, & submission of initial grant reports, including project narratives, project scope, progress reports, financial reports, & performance indicators.

- **Financial Management System**

  o Establish/refine accounting systems to track grant funds, expenditures, & match requirements accurately. This may include setting up separate bank accounts, cost allocation procedures, & internal controls.

Pre-Funding:
Compliance Goals, cont'd

Policies & Procedures

Develop & implement policies & procedures that comply with federal & state regulations.

Procurement

Conflict of Interest

Property & Equipment

Financial Management

Build America Buy America

Labor & Employment

Pre-Funding: Case Study

- **Challenge:** Provider received conditional NEPA Categorical Exclusion (CatEx) from awarding agency and provided comprehensive desktop study to State Historical Preservation Office (SHPO). Unexpectedly, SHPO required Provider to complete hundreds of shovel tests that took 20 months at a cost ~$300K (not in budget). Provider will exceed its original project end date and was required to request a no-cost extension.

- **Action:** Provider submitted no-cost extension request to agency.

- **Result:** Request is pending.

- **Takeaway:** Build realistic estimates for potential environmental/permitting delays/expenses in your applications.

You Won 5 Grants From 5 Different Federal/State Agencies!

✓ **What internal resources do you have to ensure compliance with your grant's requirements?**

✓ **What are your "pain points" with grant compliance?**

✓ **Discuss with your neighbor for the next 2-4 minutes.**

Post Award: Compliance Goals

- Covers the active period of grant performance, typically spanning several years.

- **Ongoing Compliance Monitoring:** regular monitoring of grant activities to ensure compliance with all grant terms & conditions.

- **Financial Management and Reporting:** ongoing financial management, including budget tracking, expenditure documentation, & preparation of regular financial reports.

- **Programmatic/Performance Reporting:** preparation & submission of required programmatic reports, including progress reports, performance data, & any required audits.

Post Award:
Compliance Goals, cont'd

- **Engineering**

  o Interact with your procurement & engineering teams to ensure accurate and timely data for reporting.

- **Equipment & Property**

  o Develop system to identify, document, track, & monitor all equipment & real property acquired with grant funds.

- **Modifications & Amendments**

  o Assist with preparing & submitting requests for grant modifications or amendments, as needed, due to project changes or unforeseen circumstances.

Post Award: Compliance Audits

- The best way to be prepared for grant audits is to be **PROACTIVE.**

  o Maximize your desk audit opportunities to learn about missing or incomplete items & perfect recordkeeping.

  o Get all programmatic **decisions in writing** from grantor.

  o **Document & retain** all communications in grant-specific files.

- **Document & maintain internal control systems**, including:

  o Administrative & financial management systems.

  o Clearly defined policies & procedures.

  o Organization chart that outlines grant-related responsibilities.

  o Monitoring plan to ensure compliance during grant project.

Post Award: Compliance Approach by Agency

- **USDA RUS:**
  - o Focused on financial & long-term network sustainability
  - o No performance until NEPA clearance
  - o Requires compliance with 7 CFR in addition to 2 CFR 200
  - o Uses a unique ReConnect Program Construction Procedures specific to ReConnect awards

- **NTIA Middle Mile, BIP, BEAD:**
  - o No performance until NEPA clearance (up to 2 years in some cases).
  - o Focused on positive outcomes and funding as an economic driver.

Post Award: Compliance Approach by Agency, con't.

- **Treasury ARPA SLFRF/CPF:**

  o Typically 2-year performance period

  o Performance usually begins in Year 1

  o Additional requirements from state pass-through grantors

- **State Agencies (pass-through grants):**

  o Geographic/political environment varies

  o Performance in Year 1 b/c <u>no</u> NEPA requirements

  o must comply with both federal & state requirements

- Federal programs like **ARPA CPF/SLFRF** include state-specific requirements from the state awarding agency.

Post Award:
Case Study

- **Challenge:** NC deemed ARPA awardees "contractors" instead of "subrecipients." SC deemed awardees "subrecipients." These two titles have entirely different federal requirements in 2 CFR 200.

- **Result:** SC's designations were consistent with federal regulations, but NC's designations called several ARPA requirements into question. Subgrantees with awards in both states faced two different sets of requirements.

- **Action:** Subgrantees built separate compliance plans consistent with federal requirements in each state.

- **Takeaway:** Prepare for complexity in your reporting obligations, particularly with multiple awards or states.

Closeout:
Compliance Goals

- Begins at the end of the project performance period & continues through the award specific grant closeout & subsequent reporting/record retention requirements.

- Federal interest period usually extends beyond end of grant performance period (sometimes up to 10 years).

- **Performance & Financial Reporting:** Prepare & submit all final grant reports (often includes site testing).

- **Equipment & Property Retention/Disposition:** Ensure compliance with grant requirements when acquired with grant $.

- **Record Retention:** Develop, implement, & maintain compliant record retention systems in accordance with grant requirements.

Closeout:
Case Study

- **Challenge:** Subgrantee's $1.5M reallocation was at risk because program manager who approved reallocation verbally left awarding agency.

- **Result:** During close out, agency claimed subgrantee violated grant agreement and had to reimburse $1.5M.

- **Action:** Subgrantee secured reallocation approval in writing, retained approval record in project folder, and sent proof to the agency, avoiding reimbursement. The awarding agency honored the approval.

- **Takeaway:** If it is not in writing, it did not happen! Cultivate positive relationships with awarding agencies but protect yourself from personnel changes and policy flip-flops.

Lessons Learned

- **Onboarding:** Know which commitment(s) apply to your award(s).

- **Pre-Funding:** Build realistic estimates for potential environmental/permitting delays/expenses in your applications.

- **Ongoing Funding Support:** Prepare for complexity in your reporting obligations, particularly with multiple awards or states.

- **Closeout & Post-Award** If it is not in writing, it did not happen! Cultivate positive relationships with awarding agencies but protect yourself from personnel changes & policy flip-flops.

Current State of Affairs

- Commerce Sec. Lutnick – NTIA will revamp BEAD to take a "technology-neutral" approach, reduce delays.

- TX Comptroller Hegar – Offered to return up to $1B of its $3B BEAD allocation, claimed a 50% reduction in eligible locations.

- Trump Executive Orders – Confusion about status of existing funds from ARPA (SLFRF, CPF), IIJA (BEAD).

- USDA/Interior – Up to 100K in layoffs, so environmentals and permitting will be delayed.

- NTIA Deputy Administrator (BEAD Lead) Evan Feinman left.

- Congressional BEAD revamp, focused on inclusion of LEO – Call your Congress member(s) to urge continuation of fiber focus, USF support!

Kahoot! Log-in/QR Code for Audience

https://create.kahoot.it/details/future-proofing-your-funding/66d84c0d-8925-4be3-afdc-eb90c86134c9

Q&A

1. Considering what you have learned today, what is your biggest concern with post-award compliance?
   a) Delays/Expenses
   b) Resources
   c) Audits
   d) Financial loss
   e) Operational
   f) Knowledge of relevant rules

2. How prepared do you feel to comply with your grant(s)?
   a) Not applicable
   b) I don't know what I don't know
   c) Not prepared at all
   d) Somewhat prepared, but need further assistance
   e) Mostly prepared
   f) Totally prepared, no worries

Do you still have questions? Connect with us.

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