Virginia BEAD Program

Compliance and Monitoring Handbook



Table of Contents

Table of Contents 2

1. Program Overview 5

Purpose 5

Alignment with BEAD Program Requirements and NTIA Guidelines 5

Summary Table: Roles and Responsibilities in Federal Grant Management 5

2. Compliance Framework 7

3. Subawards 10

Fixed Award 10

4. Risk Assessment 12

Requirements 12

Risk Assessment Methodology 12

5. Subgrantee Monitoring Plan 14

Monitoring Overview 14

Monitoring Methods 14

Monitoring Protocol 15

Phase 1: Pre-Award Compliance Review 16

Phase 2: Post-Award Compliance Review 18

Phase 3: Closeout 23

6. Financial Management 24

BEAD Letter of Credit (LOC) Waiver 24

BEAD Restructuring Policy Notice 25

Reduction of LOC/Performance Bond Requirements Upon Meeting Milestones and Additional Criteria 25

Low Earth Orbit (LEO) Satellite Capacity Milestones and Payments 25

7. Audit Requirements 29

Audit Monitoring Process 29

Audit Notification and Submission Process 30

8. Reporting Requirements 31

Reporting Types Overview 31

Broadband Monthly Report 31

Semi-Annual Status Reports 31

Annual BEAD Network Performance Measurement Report (Speed, Latency, and Reliability Testing) 32

Closeout Report 32
Post Conditional Closeout Reports 32
Additional Compliance Reporting 33
Reporting Process 33
Federal Interest Period 33
9. Site Visits 34
PAGEREF _Toc213845292 \h Site Visit Protocol 34
Notification Correspondence 34
Kickoff Meeting 34
Site Visit 35
Site Visit /Monitoring Report 35
Corrective Action Plan 35
10. Cost Allowability 36
Fixed Award Payment Request Process 36
Cost Reimbursable Awards 36
Eligible vs Ineligible Costs 37
11. Issue Resolution and Escalation Process 38
11.1 Non-Compliance Identification and Documentation 38
*OOB will notify subrecipients of the non-compliance, including its classification, in writing, including required next steps and timelines. 38
11.2 Corrective Action Plan (CAP) Process and Timelines 39
Enforcement Actions and Remedies 39
11.3 Clawback Provision 39
12. Deployment Compliance 40
12.1 Network Outages Compliance 40
12.2 Speed Testing 40

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1. Program Overview

Purpose

This plan is published by the Virginia Department of Housing and Community Development (DHCD) Office of Broadband (OOB), in accordance with National Institute of Standards and Technology (NIST) financial assistance award number 51-20-B132 as amended. This Compliance and Monitoring Plan outlines the oversight and accountability framework to facilitate the proper use of Broadband Equity, Access, and Deployment (BEAD) Program funds in the Compliance Framework section of this Compliance and Monitoring Plan.

This handbook is a technical assistance tool, outlining the requirements that subrecipients must follow as they undertake their BEAD project. The information includes grants management, financial management, reporting, as well as Federal compliance requirements. It is important to note that while this manual serves as a key resource, it does not aim to replace or override any federal guidance on grant administration or Subgrantee Agreement that is in place. Through careful reading and adherence to the manual's contents, subrecipients will have the knowledge needed to complete a successful BEAD project from the initial contract negotiations to the final closeout.

As the BEAD program progresses, the National Telecommunications and Information Administration (NTIA) may provide additional guidance on the changing of federal requirements related to the topics covered in this handbook. The OOB will publish updated versions of this document following any substantial additions or amendments to the federal requirements. It is assumed that any future guidance will also be incorporated into this plan.

Alignment with BEAD Program Requirements and NTIA Guidelines

Monitoring and compliance reviews are designed to mitigate waste, fraud, and abuse, promote the timely and appropriate use of funds, and facilitate transparent reporting to stakeholders including the NTIA, the U.S. Department of Commerce, the Commonwealth of Virginia, and the public. It is assumed that any future guidance will also be incorporated into this plan.

Summary Table: Roles and Responsibilities in Federal Grant Management

The DHCD is the Eligible Entity for the Commonwealth of Virginia and will serve as the fiduciary recipient of the funds. The OOB will carry out the implementation of the BEAD program including planning, subrecipient selection, implementation, monitoring and compliance, reporting, and closeout activities.

The OOB is tasked with the technical implementation of the BEAD program including the design of the structure of the program and oversight over the compliance and performance within the program. The OOB is responsible for reviewing all applications for eligibility, scoring eligible applications, recommending potential projects for award consideration to the Governor's Office, grant award issuance and compliance and monitoring of selected subrecipients.

Pursuant to 2 CFR 200.321 (a) & (b), Eligible Entities are required to distinguish the recipient type such as subrecipient vs. contractor to determine which monitoring framework should be applied. Furthermore, pursuant to the BEAD Notice of Funding Opportunity (NOFO), funding recipients, i.e., subrecipients, shall have a subrecipient relationship with the Eligible Entity. Throughout this document, subgrantee and subrecipient are synonymous with the roles and responsibilities of the subrecipient further delineated in the following table.

The table below summarizes the primary responsibilities of federal awarding agencies, pass-through entities, such as the OOB, and subrecipients under federal grant programs such as BEAD.

Category	Federal Entity / NTIA	Pass-Through Entity	Subrecipient
Program Oversight	Sets program goals, issues NOFO, oversees state plans	Implements BEAD plans, monitors subrecipients, ensures compliance	Executes projects per agreement, complies with terms
Funding	Allocates funds to states	Distributes funds to subrecipients	Uses funds for eligible activities
Monitoring	Monitors pass-through compliance and performance	Monitors subrecipient activities through reports, site visits	Participates in monitoring, provides documentation
Reporting	Receives reports from states and compiles national data	Collects performance and financial data from subrecipients	Submits required reports (financial, performance)
Risk Management	Assesses risks at state level	Performs pre-award risk assessments, periodic/recurring risk assessment, applies special conditions if needed	Implements internal controls and risk mitigation strategies
Audits	May initiate federal audits or reviews	Reviews audits of subrecipients and enforces corrective action	Subject to audits (e.g., Single Audit if federal expenditures > $1M)

2. Compliance Framework

The OOB will verify that any prospective subrecipient (including contractors and subcontractors) has the capability to execute funded activities competently and in compliance with all applicable laws, state specific requirements, and policy and procedure documentation. This includes managerial and financial capacity, technical and operational capability, and adherence to program commitments.

Reference	Description
The Department of Commerce, National Telecommunications and Information Administration (NTIA) Notice of Funding Opportunity (NOFO) No. NTIA-BEAD-2022, dated May 13, 2022.	Outlines funding and eligibility for expanding high-speed internet in unserved and underserved areas through the BEAD program.
The Department of Commerce, National Telecommunications and Information Administration (NTIA) BEAD Frequently Asked Questions (FAQs)	Frequently asked questions and answers regarding NTIA's BEAD program. The list is periodically updated and published with a new version number. Example, at time of this writing the version number is 22.
The Department of Commerce Pre-Award Notification Requirements for Grants and Cooperative Agreements as published in the Federal Register on December 30, 2014 (79 FR 78390).	Sets forth administrative requirements and policies applicants must follow before receiving Department of Commerce grants or cooperative agreements.
The Department of Commerce Financial Assistance Standard Terms and Conditions (ST&C) issued November 12, 2020.	Establishes standard terms and conditions for all Department of Commerce financial assistance awards, including administrative, financial, and reporting requirements.
Code of Federal Regulations, Title 2, § 200, Uniform Guidance (2CFR200)	Provides uniform administrative requirements, cost principles, and audit standards for federal awards to promote consistency and accountability across federal programs.
The Uniform Guidance Policy Notice issued by NTIA on December 26, 2023: Tailoring the Application of the Uniform Guidance to the BEAD Program	Under the Uniform Guidance, grantees may issue fixed amount subawards for BEAD projects whose primary purpose is broadband deployment, even if the value of the subaward exceeds the Simplified Acquisition Threshold. While the Uniform Guidance generally restricts the use of fixed amount subawards in programs requiring mandatory cost sharing or matching, the NTIA has elected to retain all match requirements for BEAD projects, including those using fixed amount subawards.
BEAD Notice Of Funding Opportunity, pg. 86 and modified by June 6, 2025, BEAD Restructuring Policy Notice	This page references other policy requirements, including: • National Environmental Protection Act and National Historical Preservation Act Requirements • Property Trust Relationship and Public Notice Filings for Grant-Acquired Property • Domestic Preference for Procurements (Buy American)
Program Fraud Civil Remedies Act (42 U.S.C. §§ 3801 – 3812)	This Act provides federal agencies with administrative remedies for addressing false claims or statements made to federal agencies or programs.

Whistleblower Protection Laws	The following laws, which protect whistleblowers who report fraud, waste, or abuse, were fully considered in the development of this policy: • Whistleblower Protection Act • Sarbanes-Oxley Act • Dodd – Frank Wall Street Reform • Consumer Protection Act
Department of Commerce's (DOC) Limited General Applicability Nonavailability Waiver for the Buy America Domestic Content Procurement Preference (BABA) as applied to the Broadband Equity, Access, and Deployment (BEAD) Program	DOC determined that certain manufactured products and construction materials are not produced in the United States in sufficient and reasonably available quantities to meet the needs of the BEAD program. DOC issued a limited, general applicability, nonavailability waiver of the BABA preference requirements for certain construction materials and certain manufactured products as applied to BEAD recipients, which flow down to subrecipients. **Supporting Documents**: • Final Signed Waiver PDF [www.commerce.gov] • BEAD BABA FAQ (Feb 2024) [www.commerce.gov]
Restructuring Policy Notice	Published by NTIA on June 6th, 2025, this RFP eliminates sections of the BEAD Notice of Funding Opportunity (NOFO).
The Virginia Department of Housing and Community Development (DHCD) Office of Broadband (OOB) BEAD Subrecipient Agreement	This document sets forth the requirements that the subrecipient is required to comply with.
Commonwealth-Specific Compliance Requirements	Virginia Public Procurement Act § 2.2-4300 et seq. of the Code of Virginia DHCD Financial Statement and Audit Policy
Subgrantee Obligations and Certifications	• LOC and/or Performance Bond • Build America, Buy America Act • Cybersecurity plan • Supply Chain Management Plan
Federal Interest Period Requirements	The Uniform Guidance requires real property and equipment acquired or improved with a subgrant to be held in trust for the beneficiaries of the BEAD Program. The Federal interest in all real property or equipment acquired or improved as part of a subgrant for which the major purpose is a broadband infrastructure project will continue for 10 years after the year in which the subgrant for a project has been closed out in accordance with 2 CFR § 200.344. The following regulations apply to the Recordation of the Federal Interest in BEAD-Funded Property: • Useful Life and Compliance with 2 CFR § 200.311 and 200.313 • UCC-1 Filing and Attorney's Certification pursuant to 2 C.F.R. § 200.316
Federal Cybersecurity and Cyber Supply Chain Risk Management Requirements	Subrecipients must provide both a Cybersecurity Risk Management plan and a Cyber Supply Chain Risk

	Management plan that are operationalized (or ready to be operationalized). The plans must adhere to the applicable regulations outlined in the BEAD NOFO including: • National Institute of Standards and Technology (NIST) Cybersecurity Framework Version 2.0 (or most recent) • NISTIR 8276 • NIST SP 800-161 • Executive Order 14028
BEAD Policy Notice: Performance Measures for BEAD Last-Mile Networks	NTIA has released draft guidance on how Internet Service Providers will collect and report compliance data as part of the BEAD program. This guidance includes requirements for annual testing of BEAD-funded networks for speed, latency, and reliability.
Low Earth Orbit (LEO) Capacity Subgrant Guidance	NTIA provided guidance on LEO Capacity Subgrants in the BEAD Restructuring Policy Notice Appendices B-C as and Page 10-11 of the BEAD Obligations for Subgrantees Deploying Network Facilities.

3. Subawards

The OOB allows BEAD subrecipients to engage in either fixed amount subawards or cost reimbursable subawards. Fixed amount subawards mean that those subaward remittances are based on completion of defined milestones. Cost reimbursable subawards mean that funds are remitted on a cost-reimbursement basis through a remittance request structure.

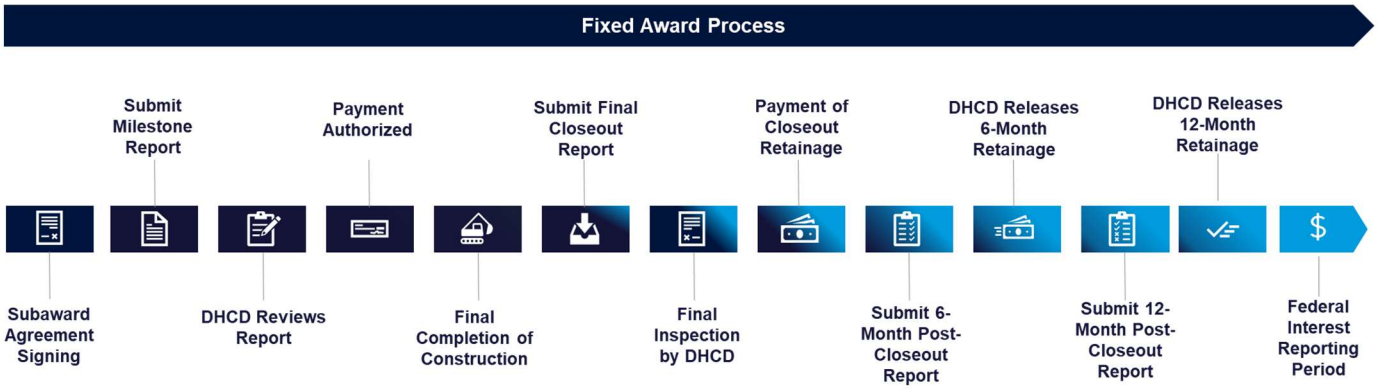
For subrecipients that utilize the fixed subaward type, a performance-based method of repayment will occur. Additionally, subrecipients under this fixed amount subaward are not required to comply with the Cost Principles under the Uniform Guidance pursuant to NTIA's The Uniform Guidance Policy Notice issued by NTIA on December 26, 2023, policy update. Subrecipients that utilize the cost reimbursable type will be based on actual costs incurred.

All expenditures must directly support the delivery of qualifying broadband activities and must fall within the allowable funding categories defined in the BEAD NOFO. Subrecipients must verify that all payment requests are supported by complete and accurate documentation. Only those costs that are necessary, reasonable, and clearly connected to the execution of BEAD-funded projects will be approved for payment. Proper recordkeeping and adherence to both State and Federal compliance requirements are essential. Additional allowable cost details are provided in Section 10 – Cost Allowability.

Fixed Award

The OOB will allow subrecipients to enter into a fixed amount subaward as defined in 2 CFR § 200.201 and used in 2 C.F.R. § 200.333. The purpose of a fixed amount subaward is to allow for payments based on performance and results, which simplifies administration for both the recipient and the subrecipient. This type of award focuses on achieving specific, measurable goals and milestones, making it ideal for projects with well-defined deliverables and for low-risk partners and will be administered pursuant to the Uniform Guidance Policy Notice issued by NTIA on December 26, 2023. *While costs do not need to be incurred prior to payment, all costs must still be allocable, reasonable, and necessary to the subgrantee and based on the defined milestones and performance agreed upon by the OOB and the subgrantee.*

Subgrantees that undertake unauthorized activities do so at their own risk and may face de-obligation of funds. Additionally, no subaward payments may be made until the required letter of credit or performance bond is in place.



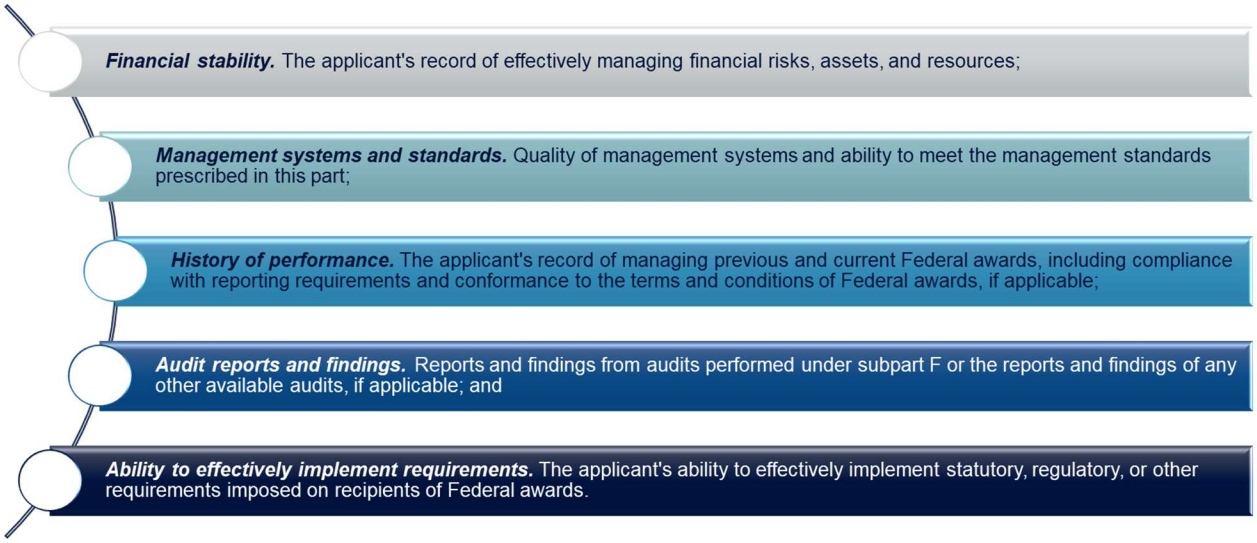
Funding will be tracked using the following milestones for Non-LEO subgrantees:

Milestones	Disbursement	Cumulative Disbursement
Signing of Subgrant Agreement	10%	10%
Secure Subcontractors and Identify Permits	10%	20%
Completion of Low-Level Engineering and Design	10%	30%
Service 10% of Project Broadband Serviceable Locations (BSLs)	10%	40%
Service 35% of Project BSLs	15%	55%
Service 60% of Project BSLs	15%	70%
Service 85% of Project BSLs	20%	90%
Service all Project BSLs and Report Approved	10%	100%

4. Risk Assessment

Requirements

The OOB will perform risk assessments on each BEAD subrecipient. These assessments will evaluate each subrecipient's capacity to manage federally funded broadband projects responsibly, focusing on financial stability, operational readiness, and compliance history. Risk assessments begin at the pre-award stage and continue throughout the life of the project. Based on the pre-award risk assessment process, the OOB will issue a risk score based on Federal best practices outlined in 2 CFR 200.206 to include:



Risk Assessment Methodology

The OOB will conduct activities to assess the risk of non-compliance, fraud, and/or fiscal negligence of each subrecipient. This process begins with an evaluation of inherent risks to the program, an evaluation of specific risk at the grant application level, and individual evaluations of the internal controls and performance environment of each subrecipient. These assessments directly impact the subrecipient monitoring procedures performed during periodic compliance reviews, helping to make certain the extent of procedures is commensurate with the level of risk for each subrecipient.

The Risk Assessment is based on both the inherent and program-specific risks identified in the following graphic.

Based on both inherent risks and programmatic risks, each subrecipient will be assessed through OOB's Risk Assessment Tool to identify the subrecipient's risk assessment score. As a part of its ongoing monitoring efforts, OOB will conduct regular audits of financial records, performance data, and other information at each subrecipient. The frequency and extent of these procedures will vary by subrecipient, as determined by the risk assessment score or other criteria, and typically include inquiry, observation, and inspection of data and records which will result in the risk rating of each subrecipient that will be integrated into further monitoring events and future risk assessments.

* *Please note: Risk Assessment scores are subject to change based upon the subrecipient's project performance, which may result in an increased or decreased rating and/or site visit cadence.*



Inherent Risks

- Reporting
- Procurement
- Disbursements
- Change Management
- Claims and Disputes
- Document Control
- Others as Identified

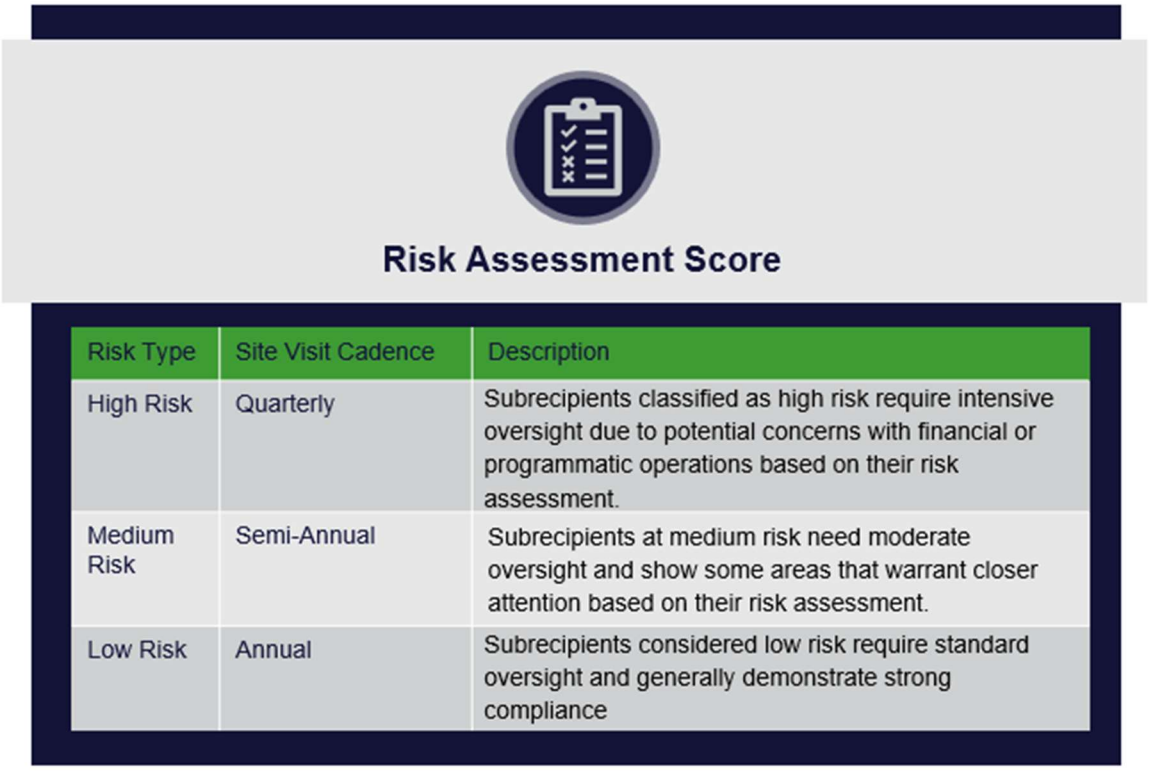




Program Specific Risks

- 2 CFR Compliance
- Single Audit Results
- State Reporting
- Procurement & Permitting
- Subcontracting
- Change Orders/Contingency Use
- Inspections
- Construction Fieldwork
- Environmental & Safety





5. Subgrantee Monitoring Plan

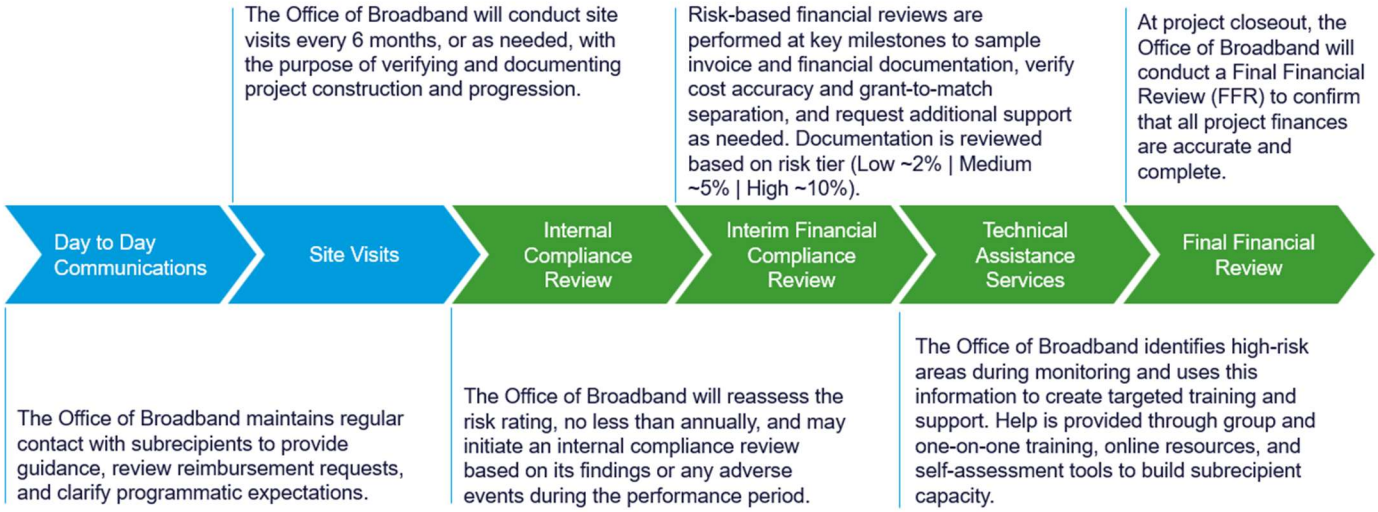
Monitoring Overview

The purpose of the Subgrantee Monitoring Plan is to verify that subrecipients comply with all applicable federal, state, and local regulations, including the administrative requirements, cost principles, and audit standards outlined in 2 CFR Part 200. Monitoring will focus on financial performance, deployment progress, compliance with BABA provisions, and other BEAD program requirements. This plan supports the effective stewardship of public funds and promotes program integrity through proactive oversight, technical assistance, and risk-based monitoring.

This section delineates the method of monitoring and the monitoring documentation that will be assessed.

Monitoring Methods

The OOB utilizes a variety of methods to monitor compliance:



Monitoring Protocol

The OOB will monitor each subgrantee throughout the entire grant lifecycle—from pre-award to closeout. To support compliance, the following process serves as a guide for subrecipients, outlining the key areas the OOB will assess during each phase of the BEAD grant.



Phase 1: Pre-Award Compliance Review

The objective is to evaluate the subgrantee's ability to manage federal funds responsibly and comply with financial and administrative requirements under 2 CFR §§200.302–200.303, §200.331, and applicable program-specific regulations: Financial capability, technical capability, and managerial capability as stated in the BEAD NOFO.

1.1 Financial and Organizational Capacity Procedure

Objective	To determine whether the subgrantee has the financial and operational capability to implement the proposed project.
Procedure	• **Assess** audited financial statements, IRS Form 990s, and Single Audit reports (if applicable) for audit opinions, significant deficiencies, material weakness, noncompliance, critical matters, going concerns and low risk auditee determination. • **Identify** financial instability, prior audit findings, or lack of internal controls. • **Confirm** the organization's ability to track expenditures by funding source, maintain source documentation, and comply with cost principles and audit requirements. • **Review** written policies and procedures.
Policy and Requirements	• **Account Payable / Procurement Policy** (§ 200.318-327) ○ Written policy includes procedures for micro purchases, small purchases, sealed bids, competitive proposals and non-competitive proposals.

- Written standards for cash management and drawdown timing, accounting systems and internal controls, procurement and disbursement protocols and segregation of duties and bank reconciliation practices are defined.

- **Accounting policies related to Cost Principles / Cost Policies** (§ 200.302(b)(7))
  - Written procedures for determining the allowability of costs in accordance with the terms and conditions of the Federal award.

- **Code of Conduct / Standards of Conduct** (§ 200.318(c))
  - Written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.
  - Written standards of conduct covering organizational conflicts of interest if the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe.

- **Conflict of Interest Policy** (§200.318(c))
  - No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest.
  - The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.
  - Disciplinary actions are applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

- **Payroll / HR / Compensation Policies** (§200.430)
  - Must include a requirement that costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:
    - Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both federal and non-federal activities;
    - Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and
    - When applicable, charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

1.2 Technical Readiness and Project Feasibility Review

Objective	To determine whether the subgrantee is prepared to implement the proposed project within the required timeframe and budget, and whether the project scope is achievable and aligned with program goals.
Procedure	• **Confirm** completion of scoping, preliminary design, and final design stages. • **Assess** alignment with regional/state plans and stakeholder engagement efforts. • **Review** proposed timelines, cost estimates, and resource availability. • **Verify** readiness to meet obligation and expenditure deadlines. • **Certify** application is complete and applicant has the appropriate technical capability.

Phase 2: Post-Award Compliance Review

Phase 2 focuses on confirming that subrecipients carry out federally funded projects in compliance with the grant subaward's terms and conditions, as well as all applicable laws and programmatic requirements. This phase involves targeted monitoring activities to assess project progress and verify the allowability of expenditures. When necessary, support is provided through technical assistance and corrective action to address any identified issues.

2.1 Suspension and Debarment Check

Objective	Pursuant to 2 CFR § 200.113, the subgrantee for a federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures can result in any of the remedies described in § 200.339. (See also 2 CFR part 180, 31 U.S.C. 3321, and 41 U.S.C. 2313.)
Procedure	• **Utilize** SAM.gov to validate subgrantee's unique entity identifier (UEI) and expiration date, determine current status, verify the name on the registration matches the name of the subgrantee, and any exclusions or proceedings. • **Document** all findings for follow up and potential corrective actions.

2.2 Budget Analysis

Objective	Pursuant to § 200.302(b)(5) perform a comparison of expenditures with budget amounts for each federal award.
Procedure	• **Perform** analysis on budget categories and expenditure category totals. • **Test** a sample of budget modifications to include supporting documentation and existence of appropriate approvals.

2.3 Performance Measurement

Objective	Pursuant to 2 CFR 200.301, measure the subgrantee's performance to show achievement of program goals and objectives, share lessons learned, improve program outcomes, and foster adoption of promising practices.
Procedure	• **Review** the schedule and timeline status and compare actual progress against planned milestones. • **Review** budget and compare actual progress against planned budget and current reimbursements. • **Review** for any risks or issues that could or have impacted project progress. • **Utilize** GIS mapping tools, photos, and engineering documentation to validate physical progress. • **Identify** best practices to foster adoption of promising practices. • **Identify** delays or deviations for follow-up and potential corrective action.

2.4 Payment Requests and Reimbursement Reviews

Objective	This review is conducted to verify that payment requests are accurate, supported by documentation, and reflect allowable and allocable costs under 2 CFR §§200.403–200.405. The percentage of financial documentation reviewed will be based on the assigned risk rating for each entity. A risk-based approach is used to determine the scope of review, with documentation sampled proportionally by risk tier to ensure appropriate oversight. Low-risk entities will have approximately ~2% of documentation reviewed, medium-risk entities ~5%, and high-risk entities ~10%. This graduated review structure helps focus monitoring efforts where risk is highest while maintaining consistent financial oversight across all awards.
Procedure	• **Review** invoices, receipts, payroll records, and procurement documentation submitted with reimbursement requests. • **Confirm** that expenditures align with approved budget categories and performance periods. • **Validate** that matching funds (if applicable) are properly documented and reported. • **Flag** discrepancies or unsupported costs for clarification or disallowance.

2.5 Documentation and Deliverable Verification

Objective	This review is conducted to confirm that required reports, certifications, and program deliverables are submitted timely and meet quality standards.
Procedure	• **Maintain** a checklist of required deliverables (e.g., quarterly reports, environmental documentation, equipment inventories). • **Review** submissions for completeness, accuracy, and consistency with grant terms. • **Follow-up** on missing or deficient documentation and provide technical assistance as needed.

2.6 Site Visits and Field Validation

Objective	This review is conducted to observe project implementation firsthand and verify compliance with programmatic and regulatory requirements.
Procedure	• **Schedule** site visits based on risk level, project complexity, and milestone status. • **Use** standardized monitoring tools to assess physical infrastructure, equipment, and operational practices. • **Interview** staff and review on-site records to validate reported activities. • **Document** findings and provide immediate feedback or recommendations.

2.7 Environmental Compliance Monitoring

Objective	This review is conducted to confirm that the proposed project complies with environmental laws and permitting requirements prior to award, including the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA). The Office of Broadband, or its designees, will ensure compliance through requests of the subgrantees.

Procedure	• **NEPA Review**
	  ○ Determine the appropriate NEPA pathway: Categorical Exclusion (CE), Environmental Assessment (EA), or Environmental Impact Statement (EIS).
	  ○ Assess potential environmental impacts and required documentation.
	  ○ Confirm coordination with lead federal agency and submission of necessary forms and maps.
	• **NHPA Section 106 Review**
	  ○ Initiate consultation with Tribal Nations and the State Historic Preservation Office (SHPO).
	  ○ Identify historical and cultural resources potentially affected by the project.
	• **Permitting Inventory**
	  ○ Identify required federal, state, and local permits (e.g., wetlands, floodplains, endangered species).

2.8 Match Funds

Objective	This review is conducted to determine that match funds have been utilized as per the application and subrecipient agreement.

Procedure	• **Review** the source and amount of match funds pledged in the application and subgrantee agreement and analyze the matching funds expended by budget category. • **Confirm** remaining match funds amounts and compare to milestone completion status.

2.9 Contractor Interviews

Objective	The team will conduct interviews with key engineering, design, and construction contractors pursuant to 2 CFR § 200.329(d)2.
Procedure	• **Identify** members of key engineering, design and construction contractors to validate project percentage of completion, adherence to scope, and monitor progress under Federal awards and subawards for construction.

2.10 Build America, Buy America (BABA) Compliance

Objective	The objective of a BABA compliance review is to confirm that BEAD infrastructure projects adhere to the domestic content requirements mandated by the Build America, Buy America Act. Compliance review includes verifying that all iron, steel, manufactured products, and construction materials used in the project are produced in the United States, unless a valid waiver has been granted. The review safeguards the integrity of federal investments, supports American manufacturing, and confirms subgrantees meet all applicable federal regulations, including documentation, procurement, and reporting standards as defined by the BEAD NOFO, 2 CFR § 184; Pub. L. 117-58, §§ 70901–70953 and the Department of Commerce's (DOC) Limited General Applicability Nonavailability Waiver for the Buy America Domestic Content Procurement Preference (BABA) as applied to the Broadband Equity, Access, and Deployment (BEAD) Program BABA Waiver Signed.pdf

Procedure	• **Materials Classification Review:**
	  ○ Categorization of each item as Iron/Steel, Manufactured Product, Construction Material, or Section 70917(c) Material (2 CFR § 184.6).
	  ○ Verify U.S. origin: validate all materials are produced in the U.S. unless a waiver is granted (2 CFR § 184.5).
	  ○ Confirm manufacturing thresholds: Manufactured products must be assembled in the U.S. with ≥55% U.S.-sourced components (Section 70912, Pub. L. 117-58).
	• **Documentation and Certification Procedure**:
	  ○ Collect manufacturer certifications: Obtain documentation for each BABA-covered item (2 CFR § 184.6).

- Assemble country-of-origin table: List all materials/components with origin and certifying signatures.
- Prepare BABA Compliance Certification: Use company letterhead and include project ID and certification language (Pub. L. 117-58, § 70914).
- Maintain records: Store all certifications and compliance documents for audit purposes (2 CFR § 200.334).

- **Construction Verification:**
  - Review contractor certifications: Contractors must certify compliance and submit manufacturer documentation 2 CFR § 184.6).
  - Review submittals: Engineer/Architect must verify BABA compliance in shop drawings and samples, such as Bill of Materials.
  - Monitor change orders: Confirm new materials in change orders meet BABA requirements or review applicable manufacturer waivers.

2.11 Cybersecurity Risk Management

Objective	The BEAD program requires subgrantees to maintain a Cybersecurity Risk Management Plan that is either operational or ready to be operationalized, aligning with NIST Cybersecurity Framework 2.0, Executive Order 14028, and related federal standards. This plan must detail the subrecipient's infrastructure reliability and resilience, including protection against natural disasters and cyber threats, and be periodically updated and submitted to the OOB/NTIA upon request. This practice safeguards federally funded broadband assets and services by embedding robust, standards-based cybersecurity practices throughout the lifecycle of BEAD-funded projects.
Procedure	• **Review**: the subgrantee certified and submitted a Cybersecurity Risk Management Plans for BEAD compliance. • **Confirm**: Verify subgrantee certification and readiness prior to fund obligation. • **Monitor**: Conduct ongoing oversight for continued compliance during the Period of Performance. •

2.12 Supply Chain Risk Management

Objective	The BEAD program requires each subgrantee to maintain a Cyber Supply Chain Risk Management (C-SCRM) plan that is either operational or ready to be operationalized prior to receiving any federal funds. This plan must align with the

	latest NIST standards such as NIST 800-161 Rev.1 and NIST IR 8276.The plan must be periodically updated and submitted to the OOB/NTIA upon request. This practice confirms that broadband infrastructure deployed under BEAD is protected from vulnerabilities introduced through third-party vendors, components, and services, thereby enhancing the reliability and resilience of the national broadband ecosystem.
Procedure	• **Review**: the subgrantee certified and submitted a Supply Chain Risk Management Plans for BEAD compliance. • **Confirm**: Verify subgrantee certification and readiness prior to fund obligation. • **Monitor**: Conduct ongoing oversight for continued compliance during the Period of Performance.

2.13 Corrective Action Plans (CAPs) for Non-Compliance Findings

Objective	This process will address deficiencies identified during monitoring and provide timely resolution.
Procedure	• **Issue** formal monitoring reports outlining findings, required corrective actions, and deadlines. • **Require** subgrantees to submit a written Corrective Action Plan (CAP) detailing steps to resolve issues. • **Monitor** CAP implementation through follow-up reviews, documentation checks, and site visits. • **Escalate** unresolved issues in accordance with 2 CFR §200.339, which may include suspension, termination, or fund recovery.

Phase 3: Closeout

The goal of Phase 3 is to confirm that all materials required for closeout are submitted in a timely manner.

3.1 Closeout Activities and Reports

Objective	This process will verify the submission of performance monitoring and service validation closeout reports as required by 2 CFR 200.344 and the Department of Commerce Grants and Cooperative Agreements Manual. (Department of Commerce, 2021).
Procedure	• Confirm that all required reports are complete, accurate and have been submitted. Further details in Section 8. Reporting Requirements.

6. Financial Management

Subrecipients must implement and maintain robust financial management systems aligned with applicable federal and state regulations. Financial systems must support the proper stewardship of federal funds by promoting cost-effective project execution, maintaining transparency, and upholding accountability for program-funded expenditures.

Subrecipients are required to follow Generally Accepted Accounting Principles (GAAP) or other standard accounting practices to establish systems that facilitate accurate, current, and complete financial reporting. This includes maintaining detailed source documentation for all transactions, establishing internal controls to prevent waste, fraud, and abuse, and segregating duties among staff to promote accountability. Expenditures must be regularly compared to the approved project budget, and any budget deviations must receive prior approval in accordance with BEAD program requirements.

OOB will assess the financial capacity of each subrecipient for the period of performance of the BEAD-funded grant.

BEAD Letter of Credit (LOC) Waiver

Originally, the BEAD NOFO mandated that subgrantees provide a LOC equivalent to 25% of the subaward amount meeting eligibility requirements consistent with those set forth in 47 C.F.R. § 54.804(c)(2) to confirm project completion and safeguard federal investments.

However, many broadband service providers voiced their concerns over the difficulties of securing the LOC. Consequently, on October 23, 2023, the LOC Requirement was waived altering the financial capability requirements. The LOC Requirement is waived only to the extent to and as described below:

- *2.1 Subgrantee Option to Use Credit Unions*
- *2.2 Subgrantee Option to Use Performance Bonds*
- *2.3 Reduction of LOC/Performance Bonds Upon Completion of Milestones*
- *2.4 Subgrantee Option for Alternative Initial LOC or Performance Bond Percentage*

**On July 28, 2025, NTIA released BEAD LOC Waiver Update. This waiver addresses Weiss ratings to determine the acceptability of United States banks and credit unions to issue a LOC.*

BEAD Program Financial Institution Eligibility Updates

- **Weiss Ratings Removed**: Subgrantees no longer need banks with a Weiss rating of B- or better. Instead, banks must be **"well capitalized"** per Federal Deposit Insurance Corporation (FDIC), Federal Reserve, and Office of the Comptroller of the Currency (OCC) standards.
- **Credit Unions**: Weiss safety ratings are no longer required. Credit unions must be **NCUA-insured**.
- **NRSRO-Rated Banks**: Banks rated **BBB- or higher** by SEC-recognized NRSROs are now eligible to issue letters of credit.

**Financial capability requirements, including the acceptable forms of security (letter of credit or performance bond), applicable percentages, and milestone-based criteria, are governed by the NTIA BEAD Restructuring Policy Notice (RPN) dated June 6, 2025.*

As part of ongoing compliance and monitoring, the OOB will confirm that each subgrantee's chosen form of security remains in force and active throughout the period of performance.

BEAD Restructuring Policy Notice

NTIA updated the LOC requirements for LEO providers on June 6, 2025, in the BEAD Restructuring Policy Notice. LEO applicants may:

- Reduce their LOC or performance bond by **50%** at the point of certification that service is available to each location in the project area.
- Further reduce the LOC by **25% of the original amount** once the subscription rate reaches **at least 25%** of all locations in the project area.
- Regardless of the subscription rate, **terminate the Letter of Credit four years after** the LEO Capacity subgrantee certifies that it can initiate broadband services **within 10 business days** of a request to any covered BSL in the project area.

Reduction of LOC/Performance Bond Requirements Upon Meeting Milestones and Additional Criteria

The requirement for an initial LOC of 25% of the subaward amount or a performance bond of 100%, can be lowered as subgrantees reach specific project milestones and follow these requirements:

- Funds are issued on a reimbursement basis consistent with Section IV.C.1.b of the NOFO;
- Reimbursements occur every six months or less; and
- The subgrantee maintains a LOC or performance bond of at least 10% of the subaward until all locations are built or the project period ends, whichever occurs first.

Low Earth Orbit (LEO) Satellite Capacity Milestones and Payments

Subgrantees are required to adhere to specific deployment schedules, illustrating the network is operational within the stipulated time Specific to Low Earth Orbit Deployment (LEO), subgrantees must certify to the OOB that service is available to a percentage of BSLs in the project area inclusive of defined subscription rate percentages of locations in the project area. (source: BEAD_Obligations_for_Subgrantees_Deploying_Network_Projects.pdf).

The OOB has established a transparent, enforceable framework for linking BEAD subgrant disbursements to measurable capacity milestones for last-mile deployment using satellite technologies. This framework facilitates that federal funds are disbursed based on performance while protecting taxpayer investment, ensuring compliance with BEAD NOFO, Restructuring Policy Notice, Alternative Broadband Technology Policy Notice requirements, and BEAD Obligations for Subgrantees Deploying Network Projects.

Capacity Milestones (Satellite/LEO Focus)

Milestone Number	Milestone Description	Verification Documentation Required	Payment Trigger (% of Total Award)
1	Capacity has been Reserved for All Locations in the Project Area	Capacity Reservation Certification and Supporting Details as required by the OoB	50%
2	Quarterly Installment Payments for 10 Years following Capacity Reservation Certification	Submission of the Combined Quarterly Report and Disbursement Request and Acceptance by the Virginia Office of Broadband	1.25%, each quarter for 10 years following capacity certification

Payment Cadence

Payments are issued on a milestone basis for fixed award subgrants and on a reimbursement basis for cost reimbursable awards. All payments must be submitted in a Request for Reimbursement (RFR) and be accompanied by a Milestone Certification Form and other supporting documentation as needed. OOB will review and accept or reject each RFR.

Procedure

Step 1: Milestone Planning and Agreement (Pre-Award Stage): Subgrantee and the OOB finalize milestone definitions, documentation, and cadence. Cost reasonableness for LEO capacity is verified.

Step 2: Progress Reporting and Documentation Submission: Subgrantee submits milestone documentation for certification. Deficiencies must be cured before payment release.

Step 3: Payment Authorization and Disbursement: the OOB certifies milestone completion (as needed) and authorizes payment.

Step 4: Ongoing Monitoring and Long-Term Service Obligation: Subgrantee maintains service compliance and submits annual performance and LCSO compliance reports for 10 years.

Key Compliance Notes (Satellite/LEO Specific)

- Service must meet BEAD performance requirements as identified in the BEAD NOFO and the subrecipients terms and conditions. Service must be available within 10 business days of a subscriber request.
- Service obligation period for LEO capacity sub-grants is 10 years from certification of availability.
- Subgrantee must offer a Low-Cost Service Option (LCSO) to eligible subscribers per federal statute.

- Subgrantee must justify the cost of LEO capacity reservation as reasonable compared to terrestrial alternatives.
- All satellite/LEO solutions must meet reliability and scalability standards under NTIA's technology-neutral approach.

Budget and Cash Flow Monitoring

Objective	To verify that grant expenditures align with the approved budget and that cash flow is managed in accordance with federal requirements to minimize the time between fund drawdown and disbursement.
Procedure	**Budget Alignment**: Compare actual expenditures against the approved budget categories. Monitor for variances and confirm budget adjustments follow procedures outlined in 2 CFR §200.308. **Cash Flow Analysis**: Track drawdowns and disbursements to monitor that funds are used promptly and appropriately. Avoid excessive cash on hand. **Forecasting**: Require subrecipients to submit periodic project cash flow projections to anticipate funding needs and prevent overdraws.
Documentation	Maintain records of drawdown requests, project bank reconciliations, and disbursement logs.

Eligible Cost Verification

Objective	To confirm that all costs charged to the federal award are allowable, allocable, reasonable, and properly documented, in accordance with 2 CFR §§200.403–200.405 . This is only applicable to cost reimbursable awards.
Procedure	**Cost Review**: Examine invoices, contracts, payroll records, and procurement documentation to verify that costs meet federal criteria. **Allowability Checks**: Verify that costs are showing actual costs eligible for reimbursement detailing costs across certain key spending areas and/or consistent with subrecipient agreement and 2CFR200: • Professional services (e.g., engineering, environmental and historic preservation permitting, legal expenses); • Construction services (e.g., digging trenches, erecting towers, blowing fiber, constructing and improving buildings); • Outside plant, towers, and poles (e.g., fiber plan, conduit, towers, poles, emergency power generational equipment);

	• Network and access equipment (e.g., broadband routing equipment, broadband transport equipment, network broadband access equipment, wireless base stations, antennas); • Operating equipment (e.g., office furniture and fixtures, work equipment and vehicles); • Customer premise equipment; contingency funds; and all other expenses. • Necessary and reasonable for the performance of the award. • Allocable to the specific grant activity. • Consistent with written policies and procedures. • Supported by adequate documentation. • Review invoices, receipts, payroll records, and procurement documentation submitted with reimbursement requests. • Confirm that expenditures align with approved budget categories and performance periods. • Validate that matching funds (if applicable) are properly documented and reported. • Flag discrepancies or unsupported costs for clarification or disallowance.

Financial Reporting Schedule and Requirements

Objective	To facilitate timely and accurate submission of required financial reports by the subrecipient to the OOB.
Procedure	**Reporting Frequency**: Reporting is to be provided monthly and semiannually. **Submission Deadlines**: Subrecipient will provide reports on the prescribed day as outlined in the subrecipient agreement with the OOB. **Content Requirements**: Reports must include cumulative expenditures (cost reimbursable only), the number of service locations and a report on any matching funds expended by the subrecipient in connection with the project. **System Use**: Subrecipient will upload financial reports to ARC platform.
Reports Required	**Interim Financial Compliance Review** **Final Financial Compliance Review**

Subrecipients must maintain accurate and complete financial records and systems and retain all project-related documentation for a period of no less than four years from the date of contract.

7. Audit Requirements

As outlined in the subrecipient agreement, subrecipients of BEAD funding are subject to the audit and monitoring requirements as outlined in the Audit Requirements set forth in 2 CFR 200.501, subrecipient agreement, and DHCD policy. Subrecipients are required to participate in monitoring activities, including pre-award and post-award audits, as applicable.

Note that the Financial Statement Audit and Single Audit requirements noted above are separately issued audits; for subrecipients with federal expenditures over $1,000,000.

Financial reporting obligations are determined based on total annual federal expenditures, regardless of funding source *(see thresholds in table)*.

Audit Monitoring Process

<table>
<tr><th>Entity</th><th>Requirement Details</th><th>Citation</th></tr>
<tr><td>U.S. Department of Commerce (BEAD Program) and 2 CFR 200 (Federal Uniform Guidance)</td><td>- Any non-Federal entity non-profit or for-profit that spends $1,000,000 or more in federal funds during its fiscal year must conduct a Single Audit or Program-Specific Audit under 2 CFR Part 200, Subpart F.
- The Department of Commerce enforces this requirement through 2 CFR 1327.101. Commercial entities not subject to Subpart F but spending $1,000,000 or more in DOC grant funds must submit either a financial-related audit or a program-specific audit.
- Additionally, federal agencies like NTIA or the DOC Inspector General may audit any award at any time.
- Maintain accurate and complete financial records from final expenditure report submission.
Records must be available upon request to OOB, NTIA, GAO, and Department of Commerce within 30 days.</td><td>BEAD NOFO
DOC General Terms and conditions
2 CFR 200 Subpart F
2 CFR 200 1327.101
2 CFR 200.334
2 CFR §200.501
2 CFR 200.507</td></tr>
<tr><td>Virginia Department of Housing and Community Development (DHCD)</td><td><table><tr><th>Threshold Requirement</th><th>Document</th></tr><tr><td>Total annual expenditures < $350,000 (Regardless of source)</td><td>Financial Statement(s) prepared by organization**</td></tr><tr><td>Total annual expenditures > $350,000 (Regardless of source)</td><td>Reviewed Financial Statement(s) – Reviewed by an Independent CPA</td></tr><tr><td>Total annual expenditures > $550,000 (Regardless of source)</td><td>Financial Statement(s) – Audited by an Independent CPA</td></tr><tr><td>Federal expenditures > $1,000,000</td><td>2 CFR 200 Subpart F Audit – Audited by an Independent CPA</td></tr></table>*** Does not require preparation by a CPA*</td><td>DHCD Audit Policy</td></tr>
<tr><td></td><td>Program Specific Audit requirements DHCD
- For non-federal awards and federal (pass-through) awards where the current program-specific audit guide is not available, the auditor must: (1) Perform an audit of financial statements for the DHCD program in accordance with GAGAS; (2) Obtain an understanding and perform tests of internal controls over the DHCD program; (3) Perform procedures to determine whether the auditee has complied with statutes, regulations, and terms and conditions of the DHCD award that could have a direct and material effect on the program; (4) Follow up on any prior audit findings; and (5) Report any audit findings.</td><td>DHCD Audit Policy</td></tr>
</table>

The purpose of this process is to facilitate timely identification and resolution of audit findings, promote sound financial management, and safeguard federal funds. OOB will take a risk-based and compliance-driven approach to monitoring subrecipient audits, focusing on:

1. Verification of Audit Requirement Applicability
    - Determine annually whether the subrecipient meets the audit threshold under 2 CFR § 200.501 (currently $1,000,000 or more in federal expenditures in a fiscal year).
    - Identify subrecipients that are exempt from the single audit requirement but may still require financial review.
2. Audit Tracking and Follow-up
    - Maintain a centralized audit tracking log with due dates, submission status, and findings.
    - Use an annual calendar and Gantt charts to monitor deadlines based on each subrecipient's fiscal year-end.
3. Document Review and Risk Assessment
    - Review the subrecipient's current required financial reports and those of the two years prior to the grant award, Schedule of Expenditures of Federal Awards (SEFA), and management letters.
    - Evaluate the severity, nature, and recurrence of findings.
    - Update the subrecipient's risk assessment profile to inform future monitoring risk rating.
4. Resolution and Corrective Action Oversight
    - Require subrecipients to submit a Corrective Action Plan (CAP) for each finding.
    - Verify implementation of corrective actions through documentation review and/or site visits.

Audit Notification and Submission Process

Subrecipients are required to provide the OOB financial statements/audits, and must be submitted yearly, within nine (9) months after the end of your fiscal year or 30 (thirty) days after it has been accepted (reviewed financial statement(s), audited financial statements, and 2 CFR 200 Subpart F audit only) - whichever comes first.

Subrecipients must electronically submit their financial statement(s), reviewed financial statements, audited financial statements, 2 CFR 200 Subpart F audit, for registration in Automated Reporting and Compliance System (ARC). In order to submit a remittance request, the subrecipient must have an audit or financial statement(s) that is current and has been reviewed/approved by the OOB.

8. Reporting Requirements

To facilitate effective oversight and compliance with federal and state requirements, subrecipients are required to submit periodic reports that document both programmatic progress and financial performance. These reports serve to inform the OOB of the project's status and to confirm that adequate resources are available to support successful completion. All reporting must be timely, complete, and submitted in accordance with the terms of the subgrantee agreement.

BEAD subrecipients funding must comply with a formal reporting process to support transparency and accountability.

- **Key Performance Indicators (KPIs):** Subrecipients must regularly report on defined KPIs, such as locations served, infrastructure deployed, and milestone progress, to demonstrate project performance.
- **Fiscal Reporting:** Detailed financial reports are required, including itemized expenditures (for cost reimbursable awards only) and budget comparisons, to demonstrate that all costs are allowable, reasonable, and properly supported.
- **Unspent Funds:** Any unexpended funds must be disclosed, with an explanation for delays or timeline adjustments. Continued retention may require justification and could lead to reallocation or recapture.
- **Obligations:** Subrecipients must report all financial obligations to show progress toward full fund utilization.
- **Expenditures:** All disbursements must be documented and reported by category and date, in alignment with the approved budget and federal cost principles.

Reporting Types Overview

Broadband Monthly Report

Subrecipients will submit a Broadband Monthly Report on the 10th of every month throughout the duration of the project as defined by the OOB. These reports must include, at a minimum:

- Updates on project activities, including the status of make-ready work, permitting, and construction milestones.
- Documentation of any material changes to the project scope, schedule, or make-ready costs since the original application.
- Identification of any issues that may impact timely completion of the project.
- Location Level Updates, which include reporting progress status on each location in the project area by pre-defined categories by the OOB. These location level updates will also include certain evidentiary requirement to validate serviceability, as well as quality control and assurance of network construction.

Semi-Annual Status Reports

Subrecipients are required to submit two (2) semiannual progress reports each year, on dates specified in the subgrantee agreement. This may be required quarterly, based on the risk assessment of the subgrantee. These reports are intended to:

- Provide a comprehensive overview of project implementation, including both technical and financial progress.
- Satisfy federal oversight requirements, including those imposed by the NTIA and the Department of Commerce (Commerce).
- Include all data elements required by NTIA, Commerce and other federal entities, as applicable.

- Include a list of addresses or location identifications (including the Broadband Serviceable Location Fabric established under 47 U.S.C. 642(b)(1)(B)) that constitute the service locations that will be served by the broadband infrastructure to be constructed and the status of each project.
- Identify new locations served within each project area at the relevant reporting intervals, and service taken (if applicable).
- Identify whether each address or location is residential, commercial, or a community anchor institution.
- Describe the types of facilities that have been constructed and installed.
- Describe the peak and off-peak actual speeds of the broadband service being offered.
- Describe the maximum advertised speed of the broadband service being offered.
- Describe the non-promotional prices, including any associated fees, charged for different tiers of broadband service being offered.
- List all interconnection agreements that were requested, and their current status.
- Include any other data that would be required to comply with the data and mapping collection standards of the Federal Communications Commission under Section 1.7004 of title 47, Code of Federal Regulations, or any successor regulation, for broadband infrastructure projects.
- Comply with any other reasonable reporting requirements determined by DHCD to meet the reporting requirements established by the Assistant Secretary; and certify that the information in the report is accurate.

Annual BEAD Network Performance Measurement Report (Speed, Latency, and Reliability Testing)

- Submitted annually during the Period of Performance and incorporated by the Eligible Entity into the first Semiannual Report (SAR) submitted to NTIA each year. [broadbandu...a.ntia.gov], [broadbandu...a.ntia.gov]
- This is the report that demonstrates continued compliance with the BEAD performance requirements after the network becomes operational. [broadbandu...a.ntia.gov], [broadbandu...a.ntia.gov]

Closeout Report

Subrecipients must submit a Final Closeout Report within thirty days of the project's completion date. This report must confirm:

- Fulfillment of all contractual and programmatic obligations.
- Completion of all deliverables in accordance with the approved project plan.
- Submission of final expenditures, obligations, and relevant performance metrics.

Post Conditional Closeout Reports

To support ongoing performance monitoring and service validation, subrecipients are required to submit Post-Conditional Closeout Reports at both six (6) and twelve (12) months following project closeout.

**This is a requirement set by the Commonwealth of Virginia*

These reports must include:

- The number of subscribers served as a result of the project.
- Speed test data to verify compliance with required service performance benchmarks.

Additional Compliance Reporting

To follow all guidelines, some reporting may occur in a situational or inconsistent basis. Subrecipients are still required to submit all reporting as outlined. Due to potential changes in federal guidance, Subrecipients must also submit any additional reporting that may come as a result.

- NEPA Milestone Report
- BABA Materials Submission Report

Reporting Process

1: OOB will collect data from subrecipients using the Automated Reporting and Compliance System (ARC)

2: Analyze data from monthly and semi-annual reports

3: Identify inconsistencies or incomplete submissions

4: Cure inconsistencies or incomplete submissions

5: Integrate data to NTIA required template

6: Submit reporting template via ARC portal

Federal Interest Period

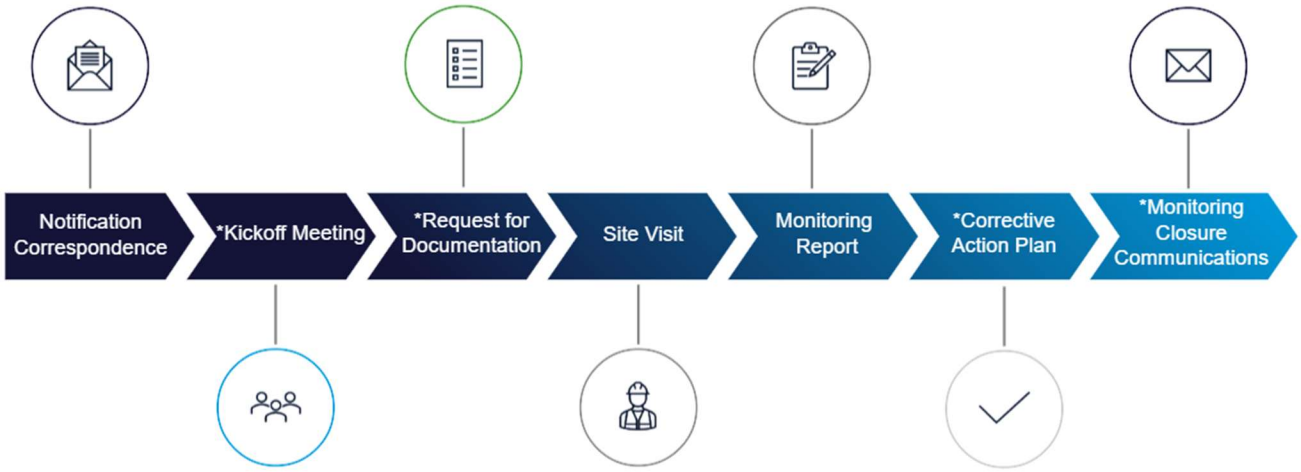
The Uniform Guidance requires real property and equipment acquired or improved with a subgrant to be held in trust for the beneficiaries of the BEAD Program. The Federal interest in all real property or equipment acquired or improved as part of a subgrant for which the major purpose is a broadband infrastructure project will continue for 10 years after the year in which the subgrant for a project has been closed out in accordance with 2 CFR § 200.344.

9. Site Visits

As part of its oversight responsibilities, the OOB will conduct site visits to monitor the progress and compliance of BEAD-funded projects. The frequency of site visits is determined by the OOB based on the subrecipient's assessed risk level, as determined by the risk assessment or every other quarter with the purpose of verifying and documenting project construction and progression. Any site visit steps marked with an asterisk are conducted at the discretion of the Office of Broadband (OOB) and may be implemented if deemed necessary, including kickoff meetings, document requests, corrective action plans, and monitoring closure letters.

Site Visit Protocol

The objective of site visits is to verify the subrecipient complies with the Code of Federal Regulations, applicable state laws, other governing regulations, internal policies, and general good business practices. OOB will conduct monitoring site visits in a clear and transparent manner by actively communicating with subrecipients, following the below site visit protocols:



Notification Correspondence

The purpose of this correspondence is to notify the subrecipient in writing that a compliance review will be conducted. This correspondence identifies the date of fieldwork and the scope of the review. An email will be sent within 30 days of the intended monitoring event.

Kickoff Meeting

A kickoff meeting is scheduled with the subrecipient to discuss the purpose, objectives and scope of the compliance review, as well as expected start and completion dates of the fieldwork.

Site Visit

During the fieldwork, staff are present at the physical location gathering, analyzing, and evaluating evidence to assess and verify they are complying with federal and state regulations.

Site Visit /Monitoring Report

The OOB will provide a copy of the site visit report to the subrecipient within 30 days. The report outlines all non-compliance issues and findings, provides recommendations for improvement and may request the subrecipient for further information or clarification, such as a Corrective Action Plan (if applicable).

Corrective Action Plan

If needed based on Monitoring Report findings, the subrecipient will receive a Corrective Action Plan (CAP) from the OOB to address any concern, deficiencies, or findings.

The subrecipient has 30 days from the date of the report to implement the CAP. If necessary, follow-up reviews will be conducted by the OOB to verify that corrective actions are implemented timely.

10. Cost Allowability

All requests for reimbursements must comply with the *Uniform Guidance*, codified at 2 CFR Part 200, and UGPN, and the subrecipient agreement. In general, regardless of award type, subrecipients will need to align cost data across the following spending areas:

- Professional services (e.g., engineering, environmental and historic preservation permitting, legal expenses, etc.).
- Construction services (e.g., digging trenches, erecting towers, blowing fiber, constructing and improving buildings, etc.).
- Outside plant, towers, and poles (e.g., fiber plan, conduit, towers, poles, emergency power generational equipment, etc.).
- Network and access equipment (e.g., broadband routing equipment, broadband transport equipment, network broadband access equipment, wireless base stations, antennas, etc.).
- Operating equipment (e.g., office furniture and fixtures, work equipment and vehicles, etc.).
- Customer premise equipment; contingency funds; and all other expenses.

Fixed Award Payment Request Process

Subrecipients that entered into a fixed award contract will follow this process to request reimbursement:

- The subrecipient will verify that the completion of key project deliverables in accordance with the approved milestone timeline as determined by the subrecipient agreement with the OOB.
- The subrecipient will submit the Milestone Report through ARC, that includes the number of service locations and a report on any matching funds then expended by the provider in connection with the project.

The subrecipient will provide the amount of match funds budgeted and the amount expended to date at the time of the RFR by budget category.

- Administrative
- Land, structures, rights-of-way
- Architectural and engineering fees
- Project inspection fees
- Construction
- Equipment
- Contingencies

Documentation on the expenditure of these funds should be maintained by the subrecipient. This documentation will be requested on a percentage of project expenditures basis, based on the assigned risk of the project and/or subgrantee.

Cost Reimbursable Awards

Subrecipients that enter into a cost reimbursable award agreement will follow this process to request reimbursement. When requesting reimbursement, subrecipient shall also submit:

- A report detailing the locations in the project area where qualifying broadband is available; and

- A report showing the amount of match funds expended in connection with the provision of qualifying broadband to the locations addressed by the RFR.

Subrecipient receiving cost reimbursable awards must submit cashflows on a quarterly basis to predict spending for the upcoming cycle.

Eligible vs Ineligible Costs

The table below provides an overview of both eligible and ineligible costs associated with the Virginia BEAD Program. It is intended to guide subrecipients in understanding which expenses are allowable under program guidelines and which are not.

Eligible Costs	Ineligible Costs
• Construction, improvement, or acquisition of broadband-related facilities and equipment, including infrastructure supporting backhaul, middle-mile, and last-mile networks and multi-tenant buildings. • Long-term leases necessary for service delivery, including Indefeasible Right-of-Use (IRU) agreements. • Deployment of internet and Wi-Fi infrastructure in eligible multi-family residential buildings. • Engineering design, permitting, and work related to environmental, historical, or cultural reviews. • Personnel costs, including salaries and fringe benefits for staff and consultants providing services directly connected to the implementation of the BEAD Program (such as project managers, program directors, and subject matter experts). • Network software upgrades, including, but not limited to, cybersecurity solutions. • Cybersecurity training for professionals managing or maintaining BEAD-supported networks. • Workforce development, including Registered Apprenticeships and pre-apprenticeships, and community college and/or vocational training.	• Personal expenses, including housing, travel, and vehicle costs for employees, contractors, or affiliated individuals. • Gifts, entertainment, food and beverage (except as part of reasonable, work-related travel), and membership dues in clubs or similar organizations. • Expenses for property or equipment not logically connected to broadband infrastructure, including personal consumer electronics, artwork, and luxury items. • Political contributions, charitable donations, scholarships, unrelated sponsorships or events, and non-product-related corporate advertising. • Penalties, fines, or late fees associated with regulatory violations or financial obligations. • Any other costs deemed unallowable under applicable federal cost principles.

11. Issue Resolution and Escalation Process

The OOB is committed to supporting subrecipients in successfully implementing their broadband projects while maintaining compliance with federal and state grant requirements. This section outlines the process for identifying, addressing, and resolving compliance issues, including the steps taken when deficiencies or violations occur.

11.1 Non-Compliance Identification and Documentation

Compliance issues may be identified through regular monitoring activities, site visits, desk reviews, payment request reviews, audit findings, or third-party reports. When potential non-compliance is identified, OOB will document the issue clearly and communicate with the subrecipient promptly.

Examples of non-compliance:

- Failure to submit required reports
- Inaccurate or unsupported reimbursement requests
- Construction delays without explanation or approved extension
- Incomplete environmental documentation (e.g., NEPA/NHPA non-compliance)
- Lack of procurement policies or inadequate documentation of competitive bids
- Inability to demonstrate match funding or ineligible use of funds
- Use of equipment or vendors not authorized in the approved application

** The OOB at its discretion may prescribe additional monitoring activities beyond the entity/project risk rating.*

Each instance of non-compliance will be classified as a Concern, Deficiency, or Finding based on its severity and impact.

Term	Definition	Example
Concern	A minor issue or potential risk observed during monitoring that does not violate a requirement but warrants attention.	Reporting inconsistencies or early signs of timeline slippage.
Deficiency	A moderate issue that reflects a failure to comply with policy or procedures but can be corrected without significant impact.	Missing procurement records or incomplete documentation for match.
Findings	A serious non-compliance issue or repeated deficiency that violates federal/state requirements and may impact funding.	Misuse of funds, false reporting, or environmental violations.

OOB will notify subrecipients of the non-compliance, including its classification, in writing, including required next steps and timelines.

11.2 Corrective Action Plan (CAP) Process and Timelines

If a Deficiency or Finding is identified, the subrecipient may be required to submit a Corrective Action Plan (CAP) to the OOB. The CAP both supports the OOB and its subrecipients in achieving and maintaining compliance.

CAP Requirements:

- Description of the issue and root cause.
- Specific corrective actions to be taken.
- Responsible parties.
- Timeline for implementation (typically within 30–60 days).
- Documentation or evidence of resolution.

OOB Review and Follow-Up:

- The OOB will review the CAP and may request revisions.
- Once approved, the OOB will monitor the implementation of the CAP.
- A follow-up review or site visit may be conducted to verify resolution.

Failure to submit or implement an adequate CAP may result in escalation to enforcement actions.

Enforcement Actions and Remedies

If the subrecipient fails to address deficiencies or correct findings within the required timeline, the OOB may take one or more of the following actions, depending on the severity and persistence of the issue. OOB may issue a Corrective Action Failure Notice, thereby beginning the Corrective Action Cure Period and allow subrecipients thirty (30) days to bring itself into compliance with the CAP's requirements.

- **Increased monitoring**: Additional desk reviews, site visits, conference calls, reporting requirements and other means.
- **Suspension of payments:** Withholding of reimbursements until issues are resolved.
- **Amendment of award:** Reduction in award amount or project scope.
- **Suspension or termination of award:** For serious or uncorrected non-compliance.
- **Referral to state or federal authorities:** In cases involving fraud, waste, or abuse.

Subrecipients will be provided with written notice of any enforcement action and given the opportunity to respond.

11.3 Clawback Provision

Clawbacks are supported by federal statutes such as the Payment Integrity Information Act of 2019, 2 CFR Part 200 (Uniform Guidance), and the subrecipient agreement with the OOB. The OOB may enforce applicable rules and laws by imposing penalties for nonperformance, breach of contract, failure to meet statutory obligations, or wasteful, fraudulent, or abusive expenditure of grant funds.

Clawback Process:

- The OOB will issue a Notice to Recoup Funds (Recapture Notice).
- Repayment shall be due from the subrecipient within thirty (30) days of the issuance of a Notice to Recoup Funds.
- If any repayment due is not made by the subrecipient when due, OOB may determine that further collection action is required, and OOB may refer the matter to the Office of the Attorney General (OAG) for collection pursuant to Section 2.2-518 of the Virginia Code.

12. Deployment Compliance

12.1 Network Outages Compliance

In accordance with NTIA published guidance, *Obligations for Subgrantees Deploying Network Projects*, subgrantees must agree that outages on BEAD Funded Networks do not exceed an average of 48 hours within any 365-day period, excluding natural disasters or force majeure events (BEAD NOFO Section IV.C.2.a.ii, page 65).

To meet this requirement, subgrantees should implement a robust outage management strategy that includes, but is not limited to:

- **Preventive maintenance**: Regular off-peak maintenance windows, publicly announced via network status pages, and use of predictive analytics to proactively address potential issues.
- **Outage metrics**: Systems to measure and report outage durations in alignment with Eligible Entity standards.
- **Rapid response protocols**: Emergency teams trained to quickly diagnose and resolve outages, supported by customer communication via SMS, social media, and other out-of-band channels.
- **Customer communication**: Clear and timely updates on outage status and restoration timelines.

Subgrantees must agree and comply with any DHCD developed metrics for measuring outages once subgrantees' networks are operational.

12.2 Speed Testing

Subgrantees deploying broadband infrastructure under the BEAD Program must comply with performance standards for speed, latency, and reliability. These standards are outlined in the BEAD NOFO, modified by the BEAD Restructuring Policy Notice, and detailed in the Performance Measures for BEAD Last Mile Networks Policy Notice and Primer | BroadbandUSA

BSL Minimum: 100 Mbps download / 20 Mbps upload

CAI Minimum: 1000 Mbps download / 1000 Mbps upload

Subgrantees must meet or exceed this tier for all project locations

Compliance and Enforcement

Subgrantees must:

- Meet all performance thresholds
- Use approved testing methods
- Submit timely and accurate reports
- Notify Eligible Entities of any non-compliance