



BROADBANDUSA
CONNECTING AMERICA'S COMMUNITIES

Compliance Requirements

and

Common Compliance Pitfalls and Recipient Best Practices

Based on BTOP Site Visits Trends

Cleveland, Ohio
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Made Possible by the Broadband Technology Opportunities Program

Funded by the American Recovery and Reinvestment Act of 2009





Overview

- BTOP Compliance Requirements Summary
- Audit Requirements for BTOP
- Best Practices Based on Recent Site Visits





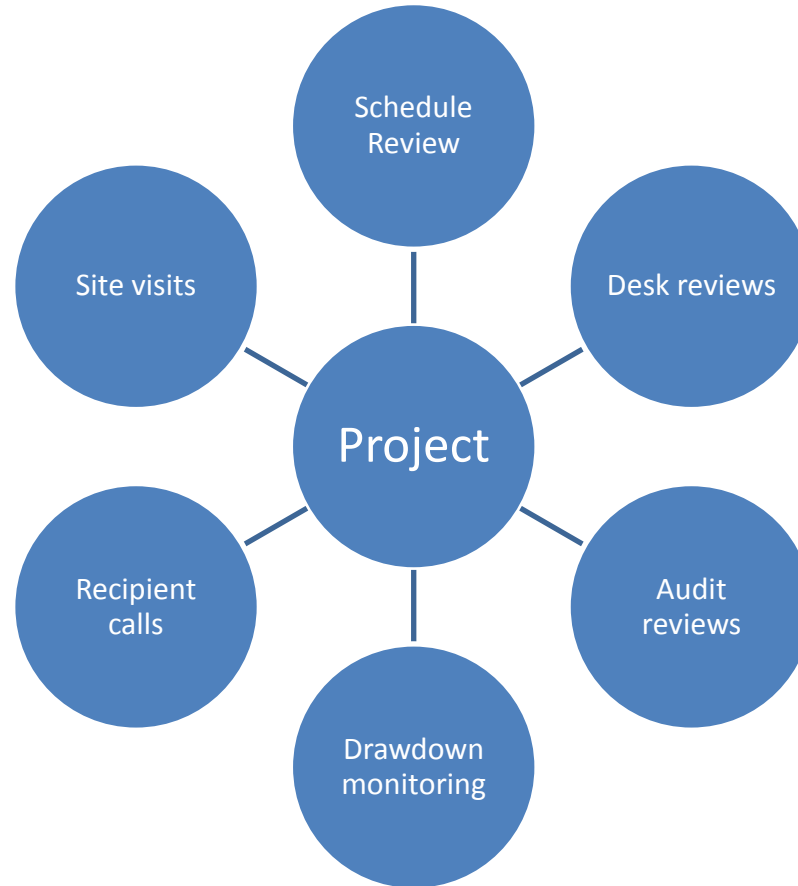
Sources of BTOP Compliance Requirements

- **Recovery Act (ARRA)**
- **NOFA I or NOFA II**
- **Environmental Laws** (e.g., NEPA and NHPA)
- **Uniform Administrative Requirements** (15 C.F.R. Part 14 or 24)
- **Cost Principles** (OMB Circular A-21,A-87, or A-122, or 48 CFR Part 31.2)
- **Department of Commerce Standard Terms and Conditions**
- **Department of Commerce ARRA Award Terms and Conditions**
- **Special Award Conditions (SACs)**
- **Audit Requirements** (OMB Circular A-133 or Program-Specific Audit SAC)
- **Approved Budget**





BTOP Monitoring





Audit Requirements for BTOP

Audit Type	Type of Entity	Audit Trigger	Year(s) Audited	Frequency	Due Date
A-133	State, Local, Tribal, Non-Profit	Expend \geq \$ 500K of Federal Funds in One Year	Fiscal	Annually	30 Days After Auditor Completes or within nine months, after end of fiscal year
Program Specific	For-Profits	Receive BTOP Award > \$ 100K of Federal Funds	Program	Bi-Annually (After the 1 st and 3 rd year)	90 Days after the end of audit period (end of applicable Award year)





BTOP Site Visits

- **Who:** Any BTOP recipient may receive a site visit. Typically, the Federal Program Officer (FPO) will attend. NTIA leadership, Office of Inspector General (OIG) representatives, Grants Office staff, and other personnel may also attend.
- **What:** Federal staff meet with the recipient, review documentation on site, and view project activities. Site visits typically last 2-3 days.
- **When:** NTIA generally notifies recipients well in advance of a site visit, and coordinates to ensure that the relevant recipient staff are available.
- **Where:** Site visits generally occur at the recipient's headquarters and/or the location(s) of project implementation
- **Why:** Site visits help Federal staff get a more complete picture of a project's status and challenges.





Common Compliance Pitfalls

Category	Specific Issue(s)
1 Documentation	<ul style="list-style-type: none">• Lack of written procedures (e.g., for property management)• Difficulty locating requested documents• Difficulty producing accurate reports
2 Financial	<ul style="list-style-type: none">• Ineligible costs• Deficient timesheet verification• Match valuation & expenditures not well documented• Financial controls & oversight insufficient
3 Staffing	<ul style="list-style-type: none">• Insufficient organizational capacity• Internal communication problems
4 Communication	<ul style="list-style-type: none">• Failure to request permission for project changes• Lack of signed agreements with partners• Failure to include flow-down terms in contracts• Insufficient monitoring of vendors





① Documentation: Best Practices

- **Policies and procedures:** Document all policies and have them readily available in the event of an audit. Examples include:
 - Financial management (See 15 CFR 14.21-22, 14.24, 24.20-21, and 24.25)
 - Property and inventory management (See 15 CFR 14.30-37 and 24.31-34)
 - Procurement and related policies
 - Code of conduct
 - Procedures for procurement, including sole source
 - Debarment and suspension
 - Davis-Bacon compliance
 - Buy American compliance
- **Compliance judgments:** Document compliance-related decisions – e.g., whether a partner is characterized as a vendor or subrecipient





① Documentation: Best Practices (cont.)

- **Grants and Procurement Files:** Maintain well-organized paper and/or electronic grants and procurement files.
 - See the checklist attached to the BTOP Recipient Handbook to determine what documents should be included.
 - Assign responsibility to specific staff for maintenance of these files.
- **Budget tracking:** Track all budget elements with a tool that ties costs incurred to the baseline categories and the SF-424 categories.
- **Participant Tracking:** For PCC and SBA recipients, develop a program management system for tracking trainings scheduled and completed, and participation rates. This allows the project to pull and analyze data and feedback from multiple locations and facilitates monitoring and generation of reports.





2 Financial: Best Practices

- **Eligible costs:** Understand the cost principles and other restrictions on allowable costs for your grant. Ensure that all invoices are reviewed against these requirements prior to payment.
- **Separation of fiscal duties:** Build multiple levels of review into the processes for drawing down funds and paying an invoice.
- **Match valuation:** Document the source and valuation methodology for your matching funds. For many donated assets, it is best to obtain a third party appraisal.
- **Timesheet verification:** Review timesheet verification requirements in the relevant cost principles and ensure organization is compliant.
- **Subrecipient cash management:** Reimburse subrecipients on a real time basis or otherwise minimize the time during which federal funds are on hand.





3 Staffing: Best Practices

- **Essential staff:** Hire an experienced project manager, a grants compliance officer, and legal counsel to ensure program compliance and success.
- **Internal resources and communication**
 - Use staff from other departments with expertise in grants management, project management, engineering, or other skills.
 - Ensure staff are aware of relevant grant compliance requirements and policies, including timesheet verification procedures and fraud prevention.
 - Make written policies readily available to project staff through an internal website or another shared resource.
- **External resources**
 - Use volunteers, interns, student workers, and community members where appropriate.
 - If needed, seek advice up front from external resources specializing in Federal grants.





4 Communication: Best Practices

- **NTIA communication:** Communicate regularly with NTIA and the Grants Office about any potential route changes or other programmatic or budget changes.
- **Agreements:** Clearly document roles and responsibilities in vendor and subrecipient agreements. Include all required contract clauses.
- **Subrecipient compliance training:** Hold regular technical assistance webinars on compliance and financial management with your subrecipients.
- **Vendors:** Communicate regularly with your vendors about applicable compliance requirements (e.g., Davis-Bacon) and expected project deliverables.
- **Environmental compliance:** Develop an Environmental Manual that instructs staff and construction vendors on how to identify risks and the process to address risks identified.





Key Takeaways

- ✓ **Document** your policies and decisions. Develop systems to help you gather and organize the information necessary for your reports.
- ✓ Exercise sound **financial management** practices to be prepared for an audit.
- ✓ Leverage **staff** to your full advantage.
- ✓ **Communicate** clearly with all stakeholders.





NTIA and the Recovery Act

"NTIA is committed to ensuring that taxpayers' money is spent wisely and efficiently. NTIA has been working to develop comprehensive monitoring, reporting, and oversight systems to ensure that BTOP funds fulfill the purposes of the Recovery Act."

Testimony of Lawrence E. Strickling, Assistant Secretary for Communications and Information Subcommittee on Communications, Technology and the Internet, Committee on Energy and Commerce, United States House of Representatives, March 4, 2010

