BROADBANDUSA
CONNECTING AMERICA'S COMMUNITIES

Broadband Technology Opportunities Program

Effective Grant Monitoring: Site Visits

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1 Introduction

The American Recovery and Reinvestment Act of 2009 (ARRA) demands an unprecedented level of accountability and oversight for federal grant programs including the Broadband Technology Opportunities Program (BTOP). As the awarding agency, it is important for the National Telecommunications and Information Administration (NTIA) to implement effective and rigorous programmatic monitoring and assessment activities that engage recipients, track programmatic and fiscal performance, ensure compliance with statutory and programmatic requirements, mitigate risks and issues pertaining to the recipients, and demonstrate the ability to be accountable in the administration and management of BTOP awards to protect hard-earned taxpayer dollars.

The benefits and intended outcomes of effective grant monitoring include:

- The project complies with the terms and conditions of the award incorporated in the CD-450, including any special award conditions, amendments, and applicable laws and regulations;
- The project is implemented on a timely basis as outlined in the award;
- Recipients remain on track toward achieving project goals, objectives, and planned outcomes;
- Reporting requirements are met on a timely basis and the information reported is accurate; and
- ARRA funds are expended as authorized and in a timely manner.

BTOP management has instituted a comprehensive and strategic approach to monitoring almost $4 billion in federal grant investments, based on a dynamic and rigorous risk assessment approach. The monitoring strategy, site visit approach and action items stemming from FPO-led site visits will include active engagement and decision making from NTIA/BTOP leadership and coordination with the OIG. The BTOP monitoring function includes activities such as desk reviews, site visits, and program report reviews aimed at safeguarding these large and complex investments. Site visits demonstrate active engagement in the ongoing monitoring of individual BTOP projects. By visiting and inspecting the actual project site(s), BTOP program office staff may evaluate the current status of a project as well as the recipient's ability to meet its goals and to adhere to grant requirements. A benefit of this review is that potential areas of concern can be identified and corrected immediately on-site or through the development of performance improvement or technical assistance plans. To the extent grant recipients fail to comply materially with their obligations under the award, NTIA will take the swiftest action possible to safeguard taxpayer dollars from waste, fraud and abuse.

Program office staff, in coordination with representatives from the Grants Offices, will conduct two types of site visits. NTIA senior leadership may participate in site visits as necessary. The Office of Inspector General has also committed to conducting site visits to observe the performance of BTOP projects. In addition, Grants Office representatives may join the BTOP program office staff on the site visits or recommend specific review items to be included in the visit.

- **Site Visits.** These visits will typically last two days and will be guided by a standardized agenda and comprehensive framework or "checklist" of review items. These visits will provide FPOs with the opportunity to capture first-hand observations of recipient performance along multiple dimensions, from assessing administrative and organizational capacity to inspecting the physical infrastructure funded with grant dollars. Customized agendas and some of the performance data to be validated, confirmed, discussed, and/or observed will be identified in advance and communicated to the recipient to prepare for the visit.
- **Advanced Site Visits.** These visits will typically last one to three days and will be in direct response to serious issues or concerns noted by the program staff in consecutive program report reviews or in response to performance data that reveal one or more areas of significant program concern. Advanced Site Visits will primarily be used when performance is trending in a negative direction, when an area of significant concern is identified, or when the program office staff has concerns over the validity of recipient reported quarterly or annual performance data. Customized agendas and performance data to be validated, confirmed, discussed, and/or observed will be identified in advance and communicated to the recipient to prepare fully for the visit.

The criteria to determine when projects will receive a site visit include the following considerations:

- Dollar amount of the Federal grant and amount of drawdowns.
- Complexity of the project, as determined by compliance requirements, number of subrecipients or number of locations.
- Whether a recipient has been designated as "high risk" by the Grants Office.
- Relative experience of the recipient in managing a Federal grant.
- Assigned monitoring level.
- FPO and program management concerns over schedule and performance; many include concerns over one or more unresolved issues that necessitate an in-person meeting.

Once BTOP management has established what site visits will be conducted for the upcoming quarter (generally three to four weeks in advance), a pre-review conference call notifies the recipient regarding whom should participate, what topics will be covered, and when the site visit will take place. Sufficient notice will be given to allow recipients time to prepare and to make available for inspection the files or documents requested by the FPO.

- During the site visit, program office staff will meet with key leaders and stakeholders from the recipient organization and key subrecipients assigned to the project, as appropriate. Evidence of project performance and supplemental documentation will be reviewed and discussed during the visit.
- At the conclusion of the site visit, the program office staff will develop a draft Site Visit Report that documents the findings and conclusions from the visit in consultation with BTOP management. A summary of the final Site Visit Report will be sent to the recipient indicating the results of the visit. Where site visits identify or confirm significant performance problems, the Program Office may specify corrective actions to be taken by the recipient based on observations and conclusions drawn from the site visit. These corrective actions may take the form of a Performance Improvement Plan, Technical Assistance Plan, Corrective Action Plan, or other action, depending on the specific observations. The Program Office may also adjust monitoring levels based on a site visit.

It is important to note that the framework or "checklist" described below constitutes the overall framework for BTOP site visits and is subject to revision. While it is expected that site visits will cover the major areas that generally constitute the greatest risk to program viability—such as project and financial management, organizational structure, grants management and program performance—it is not necessarily the case over a two-day site visit that each of the questions below will be asked and answered. In addition, questions may be modified to address emerging and evolving issues facing particular recipients. It is also critically important that Federal program staff observe and inspect the activities the grant funds are supporting—including broadband construction, workstation installation, or public education activities surrounding broadband adoption campaigns—so that Federal program staff can validate empirically that Federal funds are being used for their intended purposes.

2 Site Visit Checklist and Areas of Inquiry

2.1 General

In preparation for the site visit, the Federal Program Officer (FPO)[1] should review the recipient's submitted reports (Baseline, PPR, APR, FFR, and ARRA), desk review, any pending award action requests, open inquiries, information requests, or other issues that the recipient has not adequately resolved, notes from prior meetings or telephone calls, prior audit findings, the approved application, available maps, SF-1444 submissions, and the recipient's drawdown history, as well as any other issues or areas of concern that the FPO and BTOP management have identified based on the desk review, recipient reports, or other sources. In addition, the FPO should identify any Special Award Conditions that the recipient has not yet satisfied. This preparatory work should serve to focus the discussion along the lines of the key engagement areas outlined in the site visit framework below.

The types of information reviewed may differ, depending upon the type of BTOP award: Last Mile, Middle Mile, or Comprehensive Community Infrastructure (CCI), Public Computer Center (PCC), or Sustainable Broadband Adoption (SBA).

2.2 Program Management

2.2.1 All Awards

Organizational Structure and Capabilities

Discuss the organizational structure and the responsibilities assigned to each functional area. Determine whether the organization's capabilities in each key area appear adequate to execute the award.

Sample Discussion Questions

- Provide an up-to-date organizational chart. Discuss the responsibilities assigned to each functional area.
- Are all grant-funded positions shown on the chart? How has the organizational structure or staffing levels changed since your application was submitted/grant was awarded? Why? Were these changes described in your application and projected in your budget?
- Are each of your key personnel performing the duties originally described in your award documents? Have any of your key personnel changed since the grant was awarded? If so, have you completed individual background screening, if required, and obtained any necessary Grants Office approval for the change?

Staffing

Discuss the personnel assigned to work on the BTOP project. Determine if staffing levels, resources, training, and expertise appear reasonable and adequate based on the size and complexity of the award. Does the FPO perceive any need for additional personnel, subject matter expertise, training, or other staffing resources to complete the grant?

Sample Discussion Questions

- Discuss your staffing levels, areas of expertise, and training policy.
- Why do you believe that you have sufficient staffing to meet your programmatic requirements and goals?

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[1] The Federal Program Officer (FPO) works closely with his or her team, including each Team Lead, to customize the most effective site visit solution for each grant recipient. The Team Leads meet weekly with each other and with the BTOP Director to manage the overall site visit strategy, assess monitoring risks, and to make any necessary adjustments in the monitoring strategy, coordinating with the Office of Inspector General, to safeguard taxpayer dollars.

- In which areas do you believe your organization's staffing and expertise are weakest? What are you doing to improve your capabilities in those areas?
- If you have any open grant-funded positions, what are they? What recruiting efforts are you pursuing? When do you expect to have the positions filled?
- Are there any implications to the BTOP grant success as a result of personnel turnover?
- Does the recipient have any contractors on-site that support the BTOP grant?
- Do contractors specifically support the report submission process?

Program Results

Marketing and Outreach. Discuss the status of the recipient's marketing and community outreach plans and activities. Discuss the ways the recipient has chosen to inform the intended beneficiaries of its project of its services. The FPO should form an impression of whether these efforts are appropriate for the size and scope of the project and reasonably calculated effectively to reach the target beneficiaries.

Sample Discussion Questions

- Discuss how you are developing your marketing program.
- If you have developed a media and community outreach plan, please provide a copy, as well as examples of advertising and public relations materials you are using to communicate the specific activities and accomplishments of our project.
- How are you (or how do you plan to) inform potential subscribers/beneficiaries of the services you are offering?
- Provide an update on how you are tracking or measuring the impact of your community outreach activities.
- What SLAs have been established to ensure quality of service delivery?
- For CCI recipients, will you be using established distribution channels or will most be direct sales?

Results to Beneficiaries. Discuss the status of the recipient's delivery of services to intended project beneficiaries. Discuss the number of community anchor institutions (CAIs), subscribers, workstations, students, or other project metrics in relation to baseline projects. Identify any tangible programmatic results. FPOs should review the recipient's PPR submission and use the information provided to engage in this discussion. (CCI: For existing providers, discuss their current customer base in terms of # of wholesale/carrier, CAI/business & residential customers.)

Sample Discussion Questions

- What results have you seen from your community outreach efforts?
- What has been the result of discussions with providers? Describe the process for securing signed agreements.
- What percentage of the proposed beneficiary population (or CAIs) have been captured as subscribers?
- Does your targeted vulnerable population pose any particular challenges to implementing the project?
- Has the program developed procedures/guidelines for identifying and enrolling the target population of the project?
- Describe the steps you have taken to make all sites and project offerings accessible to persons with disabilities.
- How are you monitoring and tracking uptake of your services by CAIs or other project beneficiaries in reaching project goals and objectives?
- What mechanisms are in place or what plans are being made for sustaining the project beyond the life of the grant?
- (CCI Recipients) If you have started offering services, demonstrate that you posted your nondiscrimination and interconnection policies to your primary web site. If you have not yet initiated services, what plans have you made to do so?
- (CCI Recipients) Produce any standard Master Services Agreements or IRU Agreements that you are using in selling services to your customers.

- (CCI recipients) Will the expected number of CAI connections be met by project end? Discuss your projections for CAI, wholesale/carrier connections you anticipate by Sept 30, 2011, Sept 30, 2012.

Project Execution

Implementation. Discuss the recipient's efforts to implement the project. The FPO should consider scheduling time to observe implementation activities, such as the sites of CCI broadband construction or equipment storage, PCC equipment or operation during opening hours, or SBA training classes. The FPO should form an impression of whether these activities are commensurate with those the recipient reported in its annual and quarterly reports, and consistent with baseline goals.

Sample Discussion Questions

- How do you monitor implementation of the project?
- How is progress against plan reported?
- How are your program activities intended to accomplish the goals and objectives of the project and BTOP?
- Is the project actually at the point where progress reports say it is?
- How feasible is achieving the future goals in the plan?
- What is the status of your proposed Recovery Act and Other Governmental Collaborations that were described in the application?
- Demonstrate that equipment you have purchased is as specified in your budget.
- (CCI Recipients) Produce maps illustrating each segment of your planned network, including IRU segments, rights-of-way agreements, and construction contracts.
- (CCI Recipients) Produce invoices and document payments under any such contracts.

Compliance

Training and Education. Discuss the ways in which the recipient ensures that the project staff understands the programmatic compliance requirements of the award documents. Discuss any training opportunities that the recipient may have put in place.

Sample Discussion Questions

- What steps have you taken to ensure that project personnel understand the compliance requirements associated with your BTOP grant?
- What training have you provided on the Uniform Administrative Requirements or Cost Principles associated with your grant? What level of previous experience do your personnel have with these requirements?

Document Request

Verify the following documents with the recipient when discussing the project's program management activities. The list below is a sample, rather than an exhaustive list of all potentially relevant documents. The FPO may ask to see additional documents based on their relevance to the specific BTOP project.

Program Management Documents	Project Type
Organization chart. Please include all key personnel, levels, names, and which positions are funded by Federal grants funds-- specifying which award and percentages as applicable	All
List of key personnel and roles and responsibilities	All
Purchasing policies and procedures manual	All

Program Management Documents	Project Type
Media and community outreach plan	All
List of the specific CAIs you will connect to your network, including a notation for which CAIs are new to your plans	CCI
Sales agreements to customers (e.g., CAI, last mile providers, etc.)	CCI
Advertised pricing plan for the wet-circuit offerings and terrestrial middle-mile services (if available)	CCI
Service Level Agreement (SLA) (if available)	CCI
Network maps for all network elements (e.g., existing, newly constructed, aerial, terrestrial fiber, towers)	CCI
Interconnection agreements signed to date with other telecom service providers (if available)	CCI

2.2.2 CCI and PCC with Construction Awards

Construction Management

Construction Status. Discuss any construction-related challenges the recipient may be encountering. If the recipient that has indicated in its annual and quarterly reports that it is on schedule, confirm that this is still the case. For a recipient that has indicated its annual or quarterly reports that it is behind schedule, obtain an update on the recipient's status, discuss the reasons for the delays, and identify the actions the recipient is taking to remedy the situation. In preparation for the discussion, the FPO should review the recipient's baseline report and quarterly and annual PPR submissions, as well as notes of any prior discussions of these issues, and determine whether the recipient is 1Q behind schedule or more based on projected start & production.

Sample Discussion Questions

- What challenges have you encountered during construction, e.g., weather, other compliance issues, delays in obtaining rights-of-way or pole attachment rights?
- What steps are you taking to address these challenges and what impact do you expect these steps to have?
- (If weather has been a factor) What steps are you taking to compress the building schedule during fair-weather months? What parts of the project can be shifted to compensate for bad weather?
- Provide an update on the status of the challenges (if any) that you identified in your most recent reports.
- What additional challenges do you anticipate?
- What proactive steps are you taking to mitigate these future challenges?

Construction Results. Discuss whether the recipient's proposed network miles will be completed before end of the project period. In preparation for the discussion, the FPO should review metrics to be completed each quarter for miles, CAI connections and wholesale agreements. The discussion should focus on existing areas of concern and identify any additional emerging issues.

Sample Discussion Questions

- Other than any construction delays previously discussed, discuss any other issues that may impact your network build schedule, and the ways in which you are addressing those issues.
- What contingency plans are you developing, such as phasing of construction or other steps to accelerate and maximize results to deploy network miles within the agreed-upon timetable?

Environmental Compliance

Status of Environmental Review. If the recipient has received its FONSI, confirm that the recipient is constructing in accordance with the FONSI requirements. Discuss compliance with any mitigation measures that are required. FPO should consider scheduling time to observe construction sites to confirm use of the stated routes and compliance with any required mitigation measures. If the recipient has not received its FONSI, discuss any challenges the recipient may be encountering in completing environmental review. In preparation for the discussion, the FPO should review the recipient's baseline report and quarterly and annual PPR submissions, the status of its compliance with the environmental SAC deadlines, as well as notes of any prior discussions of these issues.

Sample Discussion Questions

- (For recipients that have obtained FONSI) Are you constructing in all respects in accordance with the requirements of your FONSI, e.g., along the same routes surveyed, in accord with any mitigation measures required, etc.?
- (For recipients that have obtained FONSI) If your FONSI required further consultation with historic preservation or other authorities, explain the steps you are taking to comply with those conditions, and confirm whether you have started construction.
- (For recipients that have not obtained FONSI) Explain the status of your EA process, and provide an update on any delays you are experiencing in completing the EA process.
- (For recipients that have not obtained FONSI) If you have obtained limited pre-EA procurement authority, discuss the status of any procurement activities you have undertaken, including arrangements for storage of any equipment that has been delivered.

Financial Management Processes and Systems

Operations Support Systems. Discuss the recipient's processes and procedures for provisioning facilities, invoicing customers, and other back office functions. The FPO should consider reviewing screen shots from the system(s), or observing a demonstration of the system(s) in operation. The FPO should evaluate the recipient's level of familiarity with these processes, procedures and systems, and financial managers' commitment to compliance.

Sample Discussion Questions

- Discuss your facilities provisioning process. If you are an existing provider, are you using preexisting processes, procedures and systems? If you are a new provider, have you outsourced these functions, or are you deploying new systems? (In the latter case, the FPO should plan to spend some time discussing the process for procuring, implementing, and operating the new system.)
- What is your billing process? Have you established a billing tool? What is it and has it been successfully deployed elsewhere? (The FPO should ask to see screen shots. If appropriate, this can be discussed further and/or demonstrated for the financial management section as this raises questions about handling Program Income.)
- What process has been established to address non-payment or slow payment by subscribers?

2.2.3 PCC/SBA Awards

Overview

Discuss general approach in the areas of broadband adoption, increasing employment, serving vulnerable populations, and increasing community benefits.

Sample Discussion Questions:

- What steps are you taking to increase broadband adoption?
- What steps are you taking to increase employment, training, and workforce development?
- What steps are you taking to increase the community benefits of your project?
- What steps are you taking to increase digital literacy?

Sustainable Adoption

Discuss how sustainable adoption is being defined and tracked.

Sample Discussion Questions

- How is sustainable adoption being defined by this project?
- What methodologies and mechanisms are being implemented to measure sustainable adoption?
- What tracking systems are in place to document sustainable adoption?

PCC Usage and Benefits

Discuss specific details around PCCs including progress, tracking, and details around results.

Sample Discussion Questions:

- Is there an outreach plan for your project's PCC(s)?
- What progress has been made against outreach plan objectives?
- How are you tracking the delivery and success of the outreach plan?
- How do you track public use of the computers? How are you documenting users?
- You projected generating ________ total users. How on target do you think you are? What challenges have you faced in meeting this projection?
- You estimated ______ persons in the service area. Has this changed? How are you documenting the changes?
- What progress are you making toward meeting the proposed number of workstations?
- What are your methods for tracking persons served during the business week and over the weekend?

Broadband Use

Discuss the details around the broadband metric including how it is being tracked.

Sample Discussion Questions

- How are your tracking broadband usage outside the home, in relation to the projection in your application?
- What are some of the uses of broadband outside the home that are being promoted by this project?
- What types of training and/or education are being provided to your target populations?
- How are you tracking participation in internal or external training and/or education initiatives?

Training and Education

Discuss the details around training and education components, including whether they are sufficient, operational, and fully staffed.

Sample Discussion Questions:

- Was the selection of peripherals and equipment sufficient for the tasks or have they been reconfigured?
- Was the amount budgeted sufficient? Have you experienced any acquisition delays?
- Has the workstation software installed been adequate? Have changes to the software been required?

- Are the training and education programs operational and fully staffed?

2.3 Project and Resource Management

2.3.1 All Awards

Schedule

Discuss areas where the recipient may not be on track to meet its baseline project milestones and indicators. To prepare for the discussion, the FPO should review baseline milestones and indicators and compare the baseline to the projections for the current quarter. The FPO should evaluate the recipient's ability to achieve its baseline milestones and indicators, including whether the recipient has the ability to catch up with any that it has missed.

Sample Discussion Questions

- Is the program being administered in a manner consistent with the project plan? If not, discuss with recipient how the modification process works.
- What is your strategy for completing your project on time, in accordance with the baseline milestones and indicators you provided to BTOP?
- In each area where you are (or anticipate) experiencing delays or shortfalls, what issues are you facing and what is your strategy for overcoming them?
- Describe any reasons why your project may not be complete within the agreed-upon timeframe.

Performance Tracking

Discuss the methods used by the recipient to track project performance. The FPO should evaluate whether these methods are likely to gather accurate and relevant performance data.

Sample Discussion Questions

- How are you measuring project performance metrics?
- How is this data recorded, analyzed and used to improve your delivery of services?
- Who is responsible for documenting progress? Are project plans routinely reviewed and updated?

Project Management

Discuss the recipient's policies and procedures for overall project management, including the roles and responsibilities of each member of the management team. The FPO should evaluate whether the recipient's project management appears adequate to ensure timely and successful project execution.

Sample Discussion Questions

- Identify any project management tools and approaches that are being utilized to help manage the grant.
- What is your method for monitoring the implementation of the project and how are you tracking progress?
- Do you have a project evaluation plan and could we review it with you?
  - Will the evaluation be internal, external or a combination of the two? Who will conduct the evaluation?
  - What methods are being used for documentation, data collection and tracking project activities, participants, outreach?
  - Would you like to have technical assistance on data collection methods, tracking systems, evaluation plans, or other evaluation resources?
- How are you ensuring that your project activities are in line with the overall BTOP program objectives?
- Do your progress reports accurately reflect the level of work being completed?

Performance Barriers

Discuss any impediments to performance and the recipient's plans for overcoming them.

Sample Discussion Questions

- Discuss any significant barriers or challenges the project has encountered or that you anticipate, as well as any actions you are taking to overcome these barriers or challenges.
- Identify any external factors that create stress/scrutiny of the recipient.
- Are you aware of any stakeholder complaints or negative press coverage concerning your project?
- Have you experienced ongoing vendor or subrecipient issues? Other procurement problems? What have you done to overcome these issues?
- Do you have systems, processes, or procedures in place to mitigate project risk?
- Are there particular barriers and constraints associated with the proposed technological approach (human, organizational, budget, contractual, and operational)? If so, how are these problems being addressed and what steps are being taken to mitigate further problems?
- Are appropriate skill-sets available to manage the required technology solution?
- Is the proposed broadband access speed being met?
- Do you conduct regular project status meetings with all managers to ensure that all issues are identified and resolved? How often?
- Discuss the result of any improvement action previously completed by the recipient and how it has helped to improve project performance.
- How has corrective or improvement action improved your project's performance?
- In what ways have you improved your operating procedures in order to mitigate risk?
- Identify and discuss any area in which you may benefit from NTIA's technical assistance, such as in financial, technology, compliance, grants management, or other areas.

Performance Strengths

Discuss any particular recipient strengths that should aid performance and the ways the recipient is leveraging them.

Sample Discussion Questions

- Identify and discuss the strengths of the project.
- What have been the benefits to your organization or community so far in receiving this award?
- Do you have any lessons learned that might benefit other BTOP projects?
- Identify and discuss any BTOP best practices that can be implemented with the recipient.
- In what ways did you mitigate project risk to ensure project success?
- What are some examples you can share in which a potential issue was successfully corrected?

Document Request

Verify the following documents with the recipient when discussing the project and resource management activities. The list below is a sample, rather than an exhaustive list of all potentially relevant documents. The FPO may ask to see additional documents based on their relevance to the specific BTOP project.

Project and Resource Management Documents	Project Type
Detailed project plan (or system) that tracks progress across all activities	All
Reports or other mechanisms used to monitor subrecipient and contractor progress	All
List of subrecipients and vendors per award and role	All
SBA / PCC training and education materials or outlines (if available)	PCC/SBA

2.4 Financial Management

(In many cases, it will make sense to cover Financial Management and Grants Management together, because many questions will require input from both areas.)

2.4.1 All Awards

Financial Management Processes and Systems. Discuss the recipient's awareness of the financial management requirements of the Uniform Administrative Requirements. The FPO should consider asking the recipient to demonstrate the use of its financial management systems and outline its processes and procedures in this area, as well as the roles and responsibilities of the relevant employees. Discuss the recipient's processes and procedures for handling invoices, managing drawdowns, and issuing disbursements. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance.

Sample Discussion Questions

- Discuss your financial management systems and the ways in which they ensure effective control over and accountability for grant funds.
- How do you perform periodic cost projections to ensure that funds will be adequate to carry out project milestones and objectives?
- Based on the number of financial staff, how do you ensure fiscal duties are segregated?
- How often are balance sheet accounts reconciled to subsidiary ledgers or external statements to substantiate that account balances are correct?
- Discuss the contractual process, the billing process, and reconciliation as well as the receipt of funds.
- Discuss your policies and procedures for minimizing the time elapsed between the drawdown of funds and disbursement of those funds. Do you have written processes and procedures to governing this area? If so, provide a copy.
- How do you ensure that all financial information is accurately reported in the PPR, SF-425 and ARRA reporting forms each quarter?
- How do you maintain the details and documentation of all vendor payments and track which materials and equipment have been received?
- For any equipment that you have already procured, please provide invoices and show us where the equipment is being deployed or stored.
- With respect to any contracts that you have executed, but under which you have not made purchases, describe your intended timing for placing orders and show us where the equipment will be deployed or stored.

Match Valuation and Tracking

Match Expenditures. Discuss the methods used by the recipient to track match expenditures and ensure proportional expenditure of matching funds. If the recipient does not anticipate proportionality, determine if it has obtained a SAC so permitting. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance.

Sample Discussion Questions

- How do you ensure Federal and match expenditures remain proportional throughout each reporting period?
- How do you ensure match expenditures are properly monitored and documented against your detailed budget?
- Describe how you ensure that non-Federal match through third-party contributions is allowable under the applicable cost principles.
- How do you determine when match has been expended?
- Have all sources of match been approved?

Match Valuation. If the recipient is relying on contributions of its own assets or third-party in-kind contributions to satisfy its matching requirement, discuss the recipient's familiarity with the process for valuing and recording such contributions in the project records. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance. If the recipient has not reviewed the fact sheet on this topic, suggest that it obtain a copy from: http://www2.ntia.doc.gov/files/btop_fact_sheet_matching_contributions_february_2011.pdf.

Sample Discussion Questions

- Describe your policies, processes, procedures and systems for documenting and valuing recipient contributions and third-party in-kind contributions of assets to the project.
- How do you monitor and value contribution of donated expenses (e.g., labor) to the project?

Budget Review

Fiscal Policies and Controls. Discuss the recipient's policies, procedures, and systems for adhering to the project budget, including periodic budgetary review and tracking of expenditures to ensure unrelated expenses are not charged to the grant. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance.

Sample Discussion Questions

- How do you ensure all costs are allowable and allocable to the project?
- What training and experience do your fiscal officer and staff have related to accounting and fiscal matters?
- What experience do the fiscal officer and staff have in managing Federal funds, especially when dealing with vendors and subrecipients?
- What is the process for approving expenditures to prevent instances of false claims?
- Discuss the reasons for any submitted budget revision requests. Confirm that such requests received prior approval.
- Do you understand the rules surrounding the request for a budget revision? How do you determine revisions are needed; how do you prevent the need for multiple revisions?
- If there have been several (more than 3) grant amendment requests submitted by the recipient, discuss reasons for frequency of amendments. Are changes due to subrecipients or contractors? What is the associated risk?

Document Request

Verify the following documents with the recipient when discussing the project's financial management activities. The list below is a sample, rather than an exhaustive list of all potentially relevant documents. The FPO may ask to see additional documents based on their relevance to the specific BTOP project.

Financial Management Documents	Project Type
Project budget and mechanism for tracking actual costs against budget	All
Agreements entered into for future matches	All
Match valuation and supporting documentation for booked match	All
Financial reports for 2010 and 2011 (annual, quarterly)	All
Accounting process and procedures manual	All
Financial management policies and procedures manual	All
Time records for personnel paid and funded by project	All

2.5 Grants Management

2.5.1 All Awards

Fraud Prevention

Policies and Systems. Discuss the recipient's awareness of fraud risks and any policies or systems it has adopted to mitigate these risks. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance, as well as the level of fraud risk that the recipient may present.

Sample Discussion Questions

- What policies and procedures have you adopted to detect and deter fraudulent activity? Discuss how you assess the strength and effectiveness of the methods you employ to detect fraud.
- Do you use mandatory vacation periods or job rotation assignments for employees in key finance and accounting control positions?
- Are certain critical aspects of your fraud detection processes not disclosed, in order to maintain the effectiveness of these hidden controls? What steps do you take to ensure that fraud detection processes, procedures, and techniques remain confidential so that ordinary employees — and potential fraud perpetrators — do not become aware of their existence?
- Do you engage in data analysis and continuous auditing efforts based on your assessment of the types of fraud schemes to which organizations like yours (in your industry, or with your lines of business) are susceptible? For example, do you check subcontractors for anticompetitive practices, such as price fixing, conflicts of interest, hidden related-party transactions (bribes, kickbacks), or check invoices for costs unrelated to the project such as unrelated labor charges and disproportionate overhead?

- What type of controls do you have in place to prevent the misuse of inventory, theft of inventory, purchase falsification, etc.?
- Does your information systems/IT process controls include controls specifically designed to detect fraudulent activity, as well as errors, and include reconciliations, independent reviews, physical inspections/counts, analyses, audits, and investigations?

Training and Awareness. Discuss the recipient's actions to ensure adequate training and awareness among its employees for fraud prevention and detection. The FPO should evaluate the adequacy and effectiveness of these actions.

Sample Discussion Questions

- How do you communicate fraud detection policies to employees, vendors, and stakeholders?
- What training opportunities do you offer or require regarding fraud detection and prevention?
- Do your internal auditors participate in the fraud risk assessment process and plan fraud detection activities based on the results of this risk assessment?

Procurement

Discuss the recipient efforts to detect and prevent fraud in goods or services it purchases from vendors or subrecipients. The FPO should evaluate the adequacy and effectiveness of these actions.

Sample Discussion Questions

- Discuss how the recipient prevents the use of product substitution and substandard materials or workmanship in its project.
- How do you ensure quality materials as ordered are used by your construction team(s)?
- How do you ensure that no unauthorized deviations are made from the construction/engineering plans?

Procurement Policies. Discuss the recipient's awareness of the procurement mandates in the Uniform Administrative Requirements, including the need for written procurement procedures and written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance.

Sample Discussion Questions

- Please provide a copy of your written procurement procedures and written standards of conduct governing the performance of its employees engaged in the award and administration of contracts.
- Are all relevant staff members aware of the provisions of these documents? What training have you provided to ensure compliance?

Procurement Processes. Discuss the recipient's procurement processes, procedures, and activities, including how key subrecipients and vendors are selected. The FPO should consider asking the recipient to walk through a typical procurement transaction. The FPO should evaluate the recipient's level of familiarity and compliance with the procurement requirements of its grant award.

Sample Discussion Questions

- How does the organization ensure that procurement transactions conform to applicable requirements governing the selection of subrecipients and vendors, such as the requirement to provide, to the maximum extent practicable, open and free competition, pursuant to 15 CFR § 14.43?
- Is documentation maintained to establish you obtained price quotations or bids as required by your own policies?
- How do you conduct cost or price analyses on bids received?
- How do you ensure that you do not select vendors or subrecipients that have the potential ability to perform successfully, and do not appear on the federal government's Debarment and Suspension list?

- How do you prevent instances of conflict of interest and any illegal hidden transactions such as bribes, gratuities, or kickback schemes?
- How do you ensure that contractors that assisted in developing draft specifications, requirements, statements of work, invitations for bid, or requests for proposals do not compete in the resulting procurement, under 15 CFR § 14.43?

Subrecipient Monitoring Policies

Discuss the recipient's subrecipient monitoring plan, including its process for ensuring compliance with the terms and conditions of its grant award that flow down to subrecipients. The FPO should evaluate the adequacy and likely effectiveness of these plans.

Sample Discussion Questions

- What is your plan for monitoring of grant-related activities of your subrecipient(s)? Do you have a written subrecipient monitoring plan? If so, provide a copy.
- What procedures have you adopted for making the program description, guidelines, and Federal regulations available to subrecipients?
- Do you have written agreements with your subrecipient(s) establishing roles, responsibilities, and obligations in connection with the subaward?

Property Management Policies and Systems

Discuss the recipient's awareness of the property management mandates in the Uniform Administrative Requirements. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance, as well as the efficacy of the recipient's property management policies, systems, and procedures.

Sample Discussion Questions

- Describe your property management policies, procedures and systems. Provide the documents, systems and reports used in the implementation of the on-going monitoring of facilities, materials and equipment.
- How do you handle it if you detect problems or weaknesses with the program's property management controls?
- Discuss your property management standards for equipment purchased using BTOP funds. Identify if a physical inventory is conducted every two years.
- How does the financial system ensure that records are maintained for all equipment with a unit cost of $5,000 or greater?
- Has a physical inventory of equipment been conducted within the last two years? Is the inventory document signed by the person or persons who observed the inventory?

Grants File Policies

Discuss the recipient's policies, processes, and procedures for establishing and maintaining its grant files. The FPO should evaluate the level of completeness of these files, and the degree to which they document compliance with the terms and conditions of the grant award and facilitate compliance with audit requirements.

Sample Discussion Questions

- What policies and procedures have you adopted to retain documentation of your grant-related activities? How did you ensure that they contain all required areas of documentation?
- How do you determine what documents are placed in the grants file?
- How do you ensure that your grants files are auditable in an A-133 single audit, a program-specific if required, and by the Office of Inspector General and Government Accountability Office?
- Do specific procedures exist to inform staff how to properly handle Federal funds and document activities?
- Please provide an update on subrecipient and vendor activities. What are your processes, procedures, and systems used to manage subrecipient, third-party contributor, and contractor relations?

- Have you executed appropriate documentation defining the terms of your relationships with each of your subrecipients, third-party contributors, and contractors, e.g., memoranda of understanding or contracts?

ARRA Requirements

Reporting. Discuss any issues surrounding the recipient's completion and filing of Section 1512 ARRA Reports. To prepare for the discussion, the FPO should review the ARRA reports, and discuss with the Grants Office whether the recipient's reports have been correct and timely. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance.

Sample Discussion Questions

- Discuss your policies and procedures for preparing ARRA reports, including any difficulties you have experienced and corrective measures you have implemented. How do you ensure that the reporting of jobs created is consistent with the requirements of OMB guidance?
- Discuss your policies and procedures for ensuring the reporting of subrecipient data in ARRA reports.
- How do you ensure accurate ARRA reporting by your subrecipients?

Buy American. FPO should ensure that the recipient is aware of whether it is subject to Buy American requirements and, if it is, should explore the recipient's policies and procedures for ensuring compliance. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance.

Sample Discussion Questions

- Is your organization subject to Buy American requirements under the Recovery Act?
- If so, discuss your policies and procedures for ensuring compliance.

Davis-Bacon. Discuss the recipient's compliance with the Davis-Bacon Act, including the need for any SF-1444 conformances and the inclusion of Davis-Bacon wage rates and contract terms in applicable contracts. Discuss recipient procedures to ensure all contracts exceeding $2,000 for constructing, renovating, or repairing buildings used by BTOP programs are compliant with the Davis-Bacon Act. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance.

Sample Discussion Questions

- Are you finding relevant wage rates for your state, county, city? (Be sure to know if they have submitted an SF-1444 as part of pre-visit prep). If not, are you preparing SF-1444 requests for conformance?
- How do you anticipate that Davis-Bacon compliance will affect your budget and/or project schedule?
- How do you ensure that Davis-Bacon wage rates and related contract terms are included in your contracts, as well as those of your subrecipients and vendors?
- How does the financial system assure that laborers and mechanics are paid prevailing rate wages on BTOP-funded construction, renovation or repair contacts exceeding $2,000?
- How are timesheets/payroll data reviewed to ensure accuracy and compliance with Davis-Bacon?

Transparency. FPO should discuss the transparency requirements of the Recovery Act and explore the recipient's policies and procedures for ensuring compliance. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance.

Sample Discussion Questions

- How are you complying with the requirement of the DOC's ARRA Award Terms to maintain records that identify adequately the source and application of Recovery Act funds?
- For recipients covered by the Single Audit Act and OMB Circular A-133, how will you comply with the requirement to separately identify the expenditures for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133?

- What is your process for ensuring that you can separately identify each sub-recipient, and document at the time of sub-award and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds?
- How are you ensuring that your subrecipients include on their SEFA information to specifically identify Recovery Act funding similar to the requirements for the Recipient SEFA described above?

Unjust Enrichment/Duplication of Federal Funding

FPO should ensure that the recipient is aware of the prohibition on unjust enrichment and duplication of Federal funding and discuss the recipient's policies and procedures for ensuring compliance. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance.

Sample Discussion Questions

- How do you ensure compliance with the BTOP prohibitions on unjust enrichment and duplication of federal funding in the execution of your award?
- (CCI Recipients) To the extent you are providing broadband to schools and libraries, what processes, procedures, and systems do you have in place to ensure that there is no duplication of funding with Universal Service (e.g., E-rate) funds?
- (PCC/SBA Recipients) To the extent that you are purchasing broadband services as a school or a library, what processes, procedures, and systems do you have in place to ensure that there is no duplication of funding with Universal Service (E-rate) funds?

Records and Reporting

Recordkeeping. Discuss the recipient's processes for maintaining files related to its grant-related activities. The FPO should inspect the files to ensure that they are orderly, appear comprehensive, and are being maintained according to an established system. DOC requires record retention for three years from the date of submission of the accepted final financial report, so the FPO should inquire as to how the recipient intends to abide by this requirement. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance.

Sample Discussion Questions

- Discuss your property management systems and the ways in which they ensure effective control over and accountability for property and other grant-funded assets.
- Discuss how weekly certified payroll records and timesheets are properly prepared and maintained to comply with the Davis-Bacon Act. Provide examples of these records.
- How do you ensure the number of hours worked on grant-related activities is accurately reported in the timesheets?
- How are payroll runs properly charged to the appropriate project account? (This is especially important for recipients with multiple BTOP projects or with major projects they are funding themselves.)
- (CCI and PCC with Construction) How are you planning to comply with the requirements to document and record the Federal Interest in property acquired or improved with federal funds? Has any documentation been recorded in state records as yet?

Reporting. Discuss the recipient's processes for preparing and filing BTOP reports, including the annual and quarterly PPR and FFR filings. The FPO should evaluate the recipient's level of familiarity with the requirements in this area and its commitment to compliance, as well as the efficacy of the recipients' processes and procedures.

Sample Discussion Questions

- Who is responsible for completing and submitting reports? How many other people in the organization need to provide information to complete the reports? Are those people responsive? Do you have executive level support for the importance of preparing timely and complete reports?
- Do your staff members responsible for reporting understand the respective reporting system protocols for report submission?

- Do you have a history of late reporting? If so, discuss issues and challenges you are facing, and whether NTIA may be able to provide technical assistance.
- Discuss any issues that you have had with submitting timely PPRs with sufficient detail, including the underlying causes and corrective steps that you are taking.
- Discuss any other issues that you have had in preparing and submitting timely FFRs.
- Do you have any concerns pertaining to the use of the GOL and PAM systems to file reports?

Document Request

Verify the following documents with the recipient when discussing the project's grants management activities. The list below is a sample, rather than an exhaustive list of all potentially relevant documents. The FPO may ask to see additional documents based on their relevance to the specific BTOP project.

Grants Management Documents	Project Type
RFP's (and bid tabulations) for large procurements	All
Signed agreements with subrecipients	All
Signed agreements with vendors	All
Human resources procedures manual; employee handbook; and payroll processing procedures	All
Grants manual and overall grants file	All
Property management policies and procedures	All
Written procurement procedures and written standards of conduct governing the performance of employees engaged in the award and administration of contracts	All
Subrecipient Monitoring Plan	All
Subrecipient agreement/MOUs in place	All
Weekly certified payrolls demonstrating Davis-Bacon compliance (if applicable)	CCI and PCC
Copies of security interest filings (if available)	CCI and PCC with Construction

3 Sample Site Visit Agenda

Session Name	Required Attendees	Session Type
Day One		
1. Kickoff Meeting	BTOP Team, Key Project Staff	Meeting
2. Meeting with AOR and Project Director	BTOP Team, AOR, Project POC	Meeting
3. Program Management Review	BTOP Team, Project Team	Document Review / Q&A
4. Project Management Review	BTOP Team, AOR, Project POC	Document Review / Q&A
5. Observations/Tours (weather/access permitting)	BTOP Team, AOR, Project POC	Field Review / Tour
Day Two		
6. Grants Management and Documentation Review	BTOP Team, Project POC/CFO	Document Review / Q&A
7. Financial Management Review	BTOP Team, Project POC / CFO	Document Review / Q&A
8. Wrap-Up Meeting	BTOP Team, Key Project Staff	Meeting