



VA BROADBAND PROGRAM COMPLIANCE AND MONITORING PLAN



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1. Executive Summary

This plan is published by the Virginia Department of Housing and Community Development, Office of Broadband, in accordance with 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. This plan adheres to the statutory and regulatory requirements at minimum defined in:

- [47 U.S.C. § 1702 \(Infrastructure Investment and Jobs Act – BEAD enabling statute\)](#)
- [2 C.F.R. Part 200 \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#)
- [The BEAD Notice of Funding Opportunity \(NOFO\)](#)
- [The BEAD Program Restructuring Policy Notice](#)
- [The General Terms and Conditions for the BEAD Program](#)
- [The Department of Commerce Standard Terms and Conditions](#)
- The Commonwealth of Virginia’s BEAD Subgrantee Agreement
- [Virginia Public Procurement Act](#)

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 National Telecommunications and Information Administration (NTIA), the U.S. Department of Commerce, the Commonwealth of Virginia General Assembly, and the public. It is assumed that any future guidance will also be incorporated into this plan.

2. Risk Assessment

Risk assessments are required to be performed by grant recipients under 2 CFR 200 for any subgrant awards. As such, all BEAD subrecipients will undergo risk assessments to evaluate certain criteria within program requirements to establish a baseline risk profile for the awarded projects. 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.

In the pre-award phase, a review will be conducted of financial statements, audit history, project management capacity, and all required plans, including those related to cybersecurity and supply chain risk management in accordance with the National Institute of Standards and Technology (NIST) standards. Subrecipients must also meet NTIA requirements for financial assurances, such as letters of credit or other approved instruments. While many of the same documents are used, the risk assessment is performed separately from the applicant evaluation for meeting managerial, organizational and financial requirements of the BEAD program, and is not part of the overall project evaluation and scoring.

Following the award, a risk-based monitoring plan will be implemented. Subrecipients will be categorized by risk level, with higher-risk entities receiving more frequent oversight, including site visits, and targeted reviews. Monitoring will focus on financial performance, deployment progress, compliance with Build America, Buy America (BABA) provisions, and other BEAD program obligations. Risk will be reassessed periodically and whenever issues arise, such as performance delays or potential non-compliance findings.

3. 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.

Cash management procedures must minimize the time between the receipt and disbursement of federal funds. Subrecipients must account separately for all program income and matching contributions, supported by appropriate documentation. Required financial records include ledgers for general activity, cash receipts and disbursements, fixed assets, and budget control.

4. Procurement / Cost Principles

Adherence to the Virginia Public Procurement Act (§ 2.2-4300 et seq.) is essential to uphold fair competition and cost efficiency. The Act mandates that contracts for goods, services, insurance, and construction be awarded through competitive sealed bidding or competitive negotiation unless a statutory exemption applies. Exceptions such as sole source or emergency procurement are allowed but must be supported by written justification, detailed documentation, and timely public notice. Small purchase procedures are permitted for lower-value contracts, but competition must still be sought when practicable, and agencies must follow written internal procedures.

In addition to complying with procurement methods, BEAD subrecipients must also meet federal and state cost principles. All costs charged to the Virginia BEAD Program must be necessary, reasonable, and directly related to eligible broadband deployment activities. This includes verifying that no procurement unduly favors a particular vendor, that prices are fair and competitive, and that contract terms serve the public interest. Procurement files should clearly document the procurement method used, the rationale for contractor selection, the basis for contract pricing, and evidence of cost reasonableness.

5. Reimbursement Process

Under the Virginia BEAD Program, subrecipients may request fixed amount subawards and/or alternative nonfixed amount subawards. Reimbursements are limited to eligible costs that have been actually incurred in connection with last-mile broadband deployment projects, as outlined in subgrantee agreement. All reimbursed expenditures must directly support the delivery of qualifying broadband activities and must fall within the allowable funding categories defined in the BEAD NOFO.

Eligible reimbursable costs include, but are not limited to:

- Construction, improvement, or acquisition of broadband-related facilities and equipment, including infrastructure supporting backhaul, middle-mile, and last-mile networks.
- 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 review compliance.
- Personnel costs for staff and consultants directly engaged in the implementation of BEAD-funded activities.
- Network software upgrades, including cybersecurity enhancements.
- Cybersecurity training for professionals managing or maintaining BEAD-supported networks.
- Workforce development initiatives, such as registered apprenticeships, pre-apprenticeships, and vocational or community college training programs.

Ineligible costs include but are not limited to:

- 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.

Subrecipients must verify that all reimbursement 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 reimbursement. Proper recordkeeping and adherence to both state and federal compliance requirements are essential.

6. 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 Virginia Office of Broadband 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.

Monthly Progress Reports

Subrecipients shall submit a Broadband Monthly Report every 30 days throughout the duration of the project as defined by the Office of Broadband. 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.

Semiannual Status Reports

Subrecipients are required to submit two semiannual progress reports each year, on dates specified in the subgrantee agreement. 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 National Telecommunications and Information Administration (NTIA).
- Include all data elements required by NTIA or other federal entities, as applicable.

Final 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 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. 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.

7. Reporting Process

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 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.

8. Site Visits

As part of its oversight responsibilities, The Office of Broadband conducts site visits to monitor the progress and compliance of BEAD-funded projects. The frequency of site visits is determined by the Office of Broadband based on the subrecipient's assessed risk level, as determined by the risk assessment.

- **Low-Risk Subrecipients:** Subject to one site visit annually, or a single closeout site visit if the project duration is approximately 12 months or less.
- **Medium-Risk Subrecipients:** Required to participate in two site visits per year, typically scheduled on a semiannual basis.
- **High-Risk Subrecipients:** Must undergo quarterly site visits to facilitate closer monitoring and timely identification of potential issues.

The Office of Broadband may increase or decrease the number of site visits based on the results of periodic risk assessments conducted or the results of previously performed monitoring activities during the course of an awarded project.

9. Audit Requirements

As outlined in the subgrantee agreement, Subrecipients of BEAD funding are subject to the audit and monitoring requirements established by the Virginia Department of Housing and Community Development (DHCD) and must comply with both the DHCD Audit Policy and the federal audit standards set forth in 2 CFR 200.501. Subrecipients are required to participate in monitoring activities, including pre-award and post-award audits, as applicable.

Financial reporting obligations are determined based on total annual expenditures, regardless of funding source, as follows:

- **Less than \$350,000:** Financial Statement (preparation by a CPA is not required)
- **\$350,001 to \$550,000:** Reviewed Financial Statement (prepared by an independent CPA)
- **More than \$550,000:** Audited Financial Statement (prepared by an independent CPA)
- **More than \$1,000,000 in federal expenditures:** Single Audit in accordance with 2 CFR 200 Subpart F (prepared by an independent CPA)

Required financial documentation must be submitted through the Centralized Application and Management System (CAMS) no later than nine months after the end of the subrecipient's fiscal year or thirty days after acceptance of the applicable financial statement, whichever occurs first.

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 submission of the final expenditure report. These records must be made available upon request to DHCD, the U.S. Department of Commerce, the NTIA and the U.S. Government Accountability Office (GAO), and must be produced within thirty days of such a request.

Failure to meet audit requirements may result in the imposition of Corrective Action Plans or Enforcement Actions, including the recapture of awarded funds where appropriate. Subrecipients are strongly encouraged to adopt the highest feasible level of financial oversight to promote full compliance with state and federal requirements.

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, both types of audits are required and must be submitted.

10. Specific Award Condition (SAC) Requirements

The Virginia Office of Broadband will comply with the recipient-specific SAC requirements inclusive of subgrantees.