



Minnesota's Program DRAFT Monitoring Plan Summary

Broadband Equity, Access, and Deployment (BEAD) Program

Disclaimer

This document is a draft and its contents, including financial information, subgrantee award conditions and commitments and reporting and monitoring requirements, are all subject to change until NTIA final approval. Funding amounts and locations may be adjusted after location verification and prior to contract finalization.

Public Comment

The Office of Broadband Development (OBD) has welcomed input from the public throughout the entire BEAD planning. Comments can be submitted beginning Thursday August 28 through the OBD webpage, by email to the DEED Broadband Inbox (deed.broadband@state.mn.us), over the phone at (651)259-7610, or written response collected at one of the five in-person regional information sessions. Public Comments must be received by the Office of Broadband Development no later than Wednesday, September 3, 2025 at 11:59 pm.

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Table of Contents

Contents

Minnesota’s Program Monitoring Plan Summary	1
Table of Contents	2
1. Overview	4
2. Risk Assessment	4
3. Financial Management	5
4. Reimbursement Process	5
5. Reporting Requirements	6
6. Reporting Process	6
7. Monitoring Site Visits and Field Validations	7
8. Audit Requirements	7

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1. Overview

This plan is published by the Minnesota Office of Broadband Development (OBD), in accordance with National Institute of Standards and Technology (NIST) financial assistance award number 27-20-B119, 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. The Grant Agreements will contain the Program requirements provided by National Telecommunications and Information Administration (NTIA) and OBD, as well as any Specific Award Conditions (SAC) relevant to each subgrantee to ensure compliance with the terms and conditions of award. To achieve this, OBD has implemented both reporting and monitoring requirements, discussed further below, and requirements that subgrantees must meet before proceeding with major activities during the post-award process.

The [BEAD Grant Contract Agreement \(Grant Agreement\)](#) contains the obligations for all subgrantees and outlines the responsibilities and expectations of them for compliance with NTIA and OBD's BEAD Program requirements. Each subgrantee shall execute an agreement with OBD, which, in addition to expectations, objectives, and performance measures of the program, shall include information specifying the regular reporting requirements and documentation utilized to verify compliance.

2. Risk Assessment

Risk assessments are required to be performed by grant recipients under 2 C.F.R. Part 200 and Minnesota Statute 16B.981 for any subgrant awards. As such, all BEAD subgrantees 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 subgrantee'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 NIST standards. Subgrantees 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. Subgrantees will be categorized by risk level, with higher-risk entities receiving more frequent oversight, including but not limited to additional 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

Subgrantees 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.

Subgrantees 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 should be reviewed prior to approval in accordance with BEAD program requirements.

Cash management procedures must minimize the time between the receipt and disbursement of federal funds. Subgrantees 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.

Subgrantees are encouraged to report any instances of fraud, waste, or abuse to OBD, the U.S. Department of Commerce Office of Inspector General (OIG) and/or the Minnesota Office of Legislative Auditor <https://www.auditor.leg.state.mn.us/reporting.htm>.

4. Reimbursement Process

All awards will be classified as fixed-amount subawards, with funding disbursed on a reimbursement basis in accordance to the milestones outlined in the Grant Agreement and consistent with NTIA guidance. Reimbursements will be issued only for authorized expenditures that have been incurred in a completed reporting period and are supported by required documentation. For each reporting period covered by a request, subgrantees may seek reimbursement for allowable expenditures provided that, in total across all reimbursement requests, no more than 90% of the total BEAD grant award is disbursed prior to closeout. Each request must also demonstrate that that subgrantee has expended a proportional share of its required matching funds. For example, if the subgrantee cumulatively requests 50% of its total grant award, it must also show that approximately 50% of its required match has been spent. The final 10% of each grant award will be retained and disbursed only upon project closeout and acceptance of the final report confirming that all grant activities and matching requirements have been met.

****All awards included a 10% contingency. Payment will be based on projects actual**

costs and match requirements will be adjusted to meet the 25% requirement (unless a match waiver is in place).

5. Reporting Requirements

To facilitate effective oversight and compliance with federal and state requirements, subgrantees are required to submit periodic reports that document both programmatic progress and financial performance. These reports serve to inform OBD 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.

Semiannual Project Progress Reports

Subgrantees must submit two semi-annual progress reports each year, on dates specified in the Grant Agreement for the duration of the project. 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 NTIA.
- Include all data elements required by NTIA or other federal entities, as applicable.

Final Closeout Report

Subgrantees 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, subgrantees 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.

6. Reporting Process

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

- **Key Performance Indicators (KPIs):** Subgrantees 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:** Subgrantees 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.

7. Monitoring Site Visits and Field Validations

As part of its oversight responsibilities, OBD will conduct regular virtual check-ins with subgrantees to maintain consistent communication and oversight throughout the project. These check-ins will typically occur on a monthly or quarterly basis, depending on the project's scope, risk level, and monitoring needs. Subgrantees assessed as higher risk, including those with more complex projects or those operating primarily outside of Minnesota, will generally be subject to monthly check-ins. OBD will also conduct annual site visits to monitor the progress and compliance of BEAD-funded projects. OBD also contracts with a third-party vendor to complete Field Validations to confirm the project is operational in accordance with the Grant Agreement and prior to closing out a project.

8. Audit Requirements

As outlined in the Subgrantee Agreement, subgrantees of BEAD funding are subject to the audit and monitoring requirements established by Minn. Stat. § 16B.98, Subd.8 and must comply with both the State of Minnesota Audit Policy and the federal audit standards set forth in 2 CFR 200.501. Subgrantees are required to participate in monitoring activities, including pre-award and post-award audits, as applicable.

Subgrantees must maintain accurate and complete financial records and systems and retain all project-related documentation for a period of no less than six years from the date of submission of the final expenditure report. These records must be made available upon request to the State of Minnesota (including the Department of Employment and Economic Development, the Commissioner of Administration, the State Auditor or the Legislative Auditor), 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. Subgrantees are strongly encouraged to adopt the highest feasible level of financial oversight to promote full compliance with state and federal requirements