

TENNESSEE DIGITAL OPPORTUNITY GRANTS

Compliance and Reporting Guide



TENNESSEE DEPARTMENT OF ECONOMIC & COMMUNITY
DEVELOPMENT
RURAL DEVELOPMENT DIVISION, BROADBAND PROGRAM

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Guide to Reporting and Compliance Obligations for Digital Opportunity Grant Recipients

This Guide to Compliance Obligations covers Tennessee’s Digital Opportunity Grant programs. This document is intended as a guide, not as a substitute for a thorough knowledge of state and Federal laws and regulations referenced in this document. This document may be updated to incorporate requirements more fully. In the event of any discrepancy, Federal regulations will prevail. The Grantee is responsible for compliance with the most current and stringent of any applicable local, State or Federal law or regulation(s).

The TNECD Broadband Office does not discriminate on the basis of age, race, color, religion, sex, national origin, familial status or disability in the admission, access to, treatment of, or employment in, its Federally assisted programs or activities.

For more information, visit <https://www.tn.gov/e cd/rural-development/tne cd-broadband-initiative.html>, or contact our office at ECD.Broadband@tn.gov.

A Note on Sources of Funds

Under the American Rescue Plan Act (ARPA), the US Department of Treasury has implemented two different funding sources for digital opportunity projects: 1.) The State and Local Fiscal Recovery Fund (SLFRF) program; and 2.) The Capital Projects Fund Program. Grantees are responsible for being aware which source of funds applies to the Grantee’s award. While some requirements of the programs are similar, these programs are separate and may have different requirements regarding eligibility and reporting and compliance, as detailed below.

Responsibilities –Subrecipients

Subrecipients receive subawards from the Recipient (the State) to carry out a Project. Subrecipients/grantees must comply with statutory/regulatory requirements and terms and conditions of award. Subrecipients must provide TNECD with any and all information requested by TNECD, so that it may report to the Treasury on subrecipient’s/grantee’s use of grant funds. The detailed list of grant specific subrecipients can be found in Appendix C of this guidebook.

Subaward definition

An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity (PTE). It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.¹

¹Uniform Guidance, 2 CFR §200.1.

Access to Subrecipient Records

Recipients and subrecipients/grantees must maintain records and financial documents for five years after all funds expended or returned.²

Subrecipient must permit the Pass-Through Entity (TNECD, Broadband Office) and auditors access to subrecipient's records and financial statements as necessary.³

SAM.gov Registration Requirement

In addition to the requirements above, subrecipients/grantees must have an active registration with the System for Award Management (SAM) (<https://www.sam.gov>).⁴

All grantees must ensure that their contractors / vendors hold proper business license and same has been validated through contract norms or other organizational means. If any contractor / vendor of a particular grantee is found to not possess an adequate business license, then TNECD can withhold the reimbursement for that vendor / contractor.

Enforcement Action for Noncompliance⁵

Enforcement action measures may be taken against noncompliant subrecipients by recipients/PTE's, including requests from Recipients/TNECD, Broadband Office that Grantees remediate any deficiencies.

² See Grant Disbursement Agreement, Section 9.02(a,c) (Record Retention).

³ 2 CFR §200.332(a)(5), Uniform Guidance.

⁴ SLFRF Treasury Compliance and Reporting Guidance, (June 10, 2022), p.12.

⁵ See §200.339 Uniform Guidance for further information.

Allowable Costs

In addition to State requirements, grantees must comply with Federal requirements related to allowed costs. While conformance with State requirements will generally result in conformance with Federal requirements, grantees must comply with any additional applicable Federal requirements or prohibitions, even when not specifically required by the State.

Reasonable Costs – Factors (For-profit/private Entities)

Specific to for-profit private subrecipients, factors affecting whether a cost is reasonable or not include:

- Whether it is the type of cost generally recognized as ordinary and necessary for the conduct of the contractor's business or the contract performance;
- Generally accepted sound business practices, arm's length bargaining, and Federal and State laws and regulations;
- The contractor's responsibilities to the Government, other customers, the owners of the business, employees, and the public at large; and
- Any significant deviations from the contractor's established practices⁷

Reasonable Costs – Factors (non-for-profit/local government entities)

For non-profit/government entities, reasonable cost factors to consider are⁸:

- Whether the costs are those of a type generally recognized as ordinary and necessary for the operation of the Subrecipient/Grantee or the proper and efficient performance of the Federal award;
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, State, local, tribal, and other laws, and regulations; and Terms and conditions of the Federal award
- Market process for comparable goods or services for the geographic area.

⁶ 48 CFR 31.2

⁷ 48 CFR 31.201-3.

⁸ 2 CFR §200.404.

- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the subrecipient.
- Whether the non-profit/government entity Subrecipient/Grantee significantly deviates from its established practices and policies regarding the incurrence of costs.

Allocable Costs – Factors (Private/For-Profit Entities)⁹

For for-profit/private entity Grantees, threshold considerations for whether the costs are allocable to a Federal award are if it:

- Is incurred specifically for the contract;
- Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or
- Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.

Allocable Costs – Factors (non-profit/government Entities)¹⁰

Costs are allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance to relative benefits received. The standard is met if the cost:

- Is incurred specifically for the Federal award;
- Benefits both the Federal award and the other work of the Subrecipient/Grantee, and can be distributed in proportions that may be approximated using reasonable methods; and
- Is necessary to the overall operation of the Subrecipient/Grantee entity and is assignable in part to the Federal award in accordance with the principles of this subpart (Cost Principles).
- Any costs allocable to a particular Federal award may not be charged to other Federal awards. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.
- **Direct Cost allocation principles:** If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined, then the costs may be allocated or transferred to benefited projects on any reasonable documented basis.

⁹ 48 CFR §31.201-4.

¹⁰ Uniform Guidance, §200.405.

- **Cost Accounting Standards (CAS):** If the contract is subject to cost accounting standards, costs must be allocated to the contract pursuant to the Cost Accounting Standards. If CAS is applicable, allocation of costs in accordance with CAS takes precedence over the allocation provisions above.

Costs Reimbursed by Other Federal/State Funding Streams

If considering deploying broadband to locations where there are existing enforceable Federal or State funding commitments for wireline service at speeds of at least 100 Mbps download and 20 Mbps upload speed, subrecipients should ensure that neither CPF nor SLFRF funding will be used for costs that will be reimbursed by these other Federal or State funding stream(s).¹¹

No Supplanting Attestation

ECD would consider reimbursing make-ready costs if they approved during application and contracting period. To safeguard against supplanting, ECD would require all grantees to submit a "No Supplanting Attestation" form, to make sure the grant funds enhance but not replace existing efforts that are already budgeted.

Policy Regarding Projects Co-Incident with Other Existing Federal/State Commitments

In situations where proposed ARPA-funded project areas overlap or touch upon project areas where there are existing federal or state broadband infrastructure funding commitments, the Office of Broadband will evaluate such instances on a case-by-case basis, as described below.

The TNECD Broadband Office will consider funding projects which are incident to or which share equipment or facilities with areas funded by other federal programs, subject to certain requirements. Grantees must ensure that ARPA funded projects address an identified need for additional investment that is not met by these existing federal or state commitments. Grantees must also ensure that ARPA funds will not be used for costs that will be reimbursed by the other federal or state funding streams absent a demonstration that each of its projects provides additional public benefits and that the additional public funding used for deployment of projects to those areas is justified.

The Office of Broadband will consider funding a reasonable and proportional share of equipment and facilities used in common between projects upon a request of the applicant and submission of the combined costs of the common elements, with a proposed cost share. Cost sharing must also remain consistent with the requirements of other federal programs. Grantees may use all available state and federal datasets in making this justification.

Restrictions on Uses of SLFRF Funds¹²

The following uses of SLFRF funds by Subrecipients are already largely excluded under the State's program procedures, however the following Federal restrictions shall apply regardless:

- SLFRF funds may not be deposited into a pension fund;
- SLFRF funds may not be used to offset a reduction in net tax revenue caused by recipient's change in law, regulation, or administrative interpretation;
- SLFRF funds may not be used as non-Federal match where prohibited; and
- SLFRF funds may not be used directly to service debt, satisfy a judgment, or

contribute to a “rainy day” fund

¹¹ Treasury Capital Projects Fund Guidance (September 2021), p.4, and SLFRF Final Rule at p.298.

¹² SLFRF Final Rule, (January 27, 2022), pgs. 9-10.

Restrictions on Uses of CPF Funds¹³

For the Connected Community Facility Grant, unless otherwise permitted by Treasury, Capital Projects Fund grant funds may not be used for the following purposes:

- Acquisition of spectrum licenses
- Operating expenses, other than grant administration costs
- Short-term operating leases
- Payment of interest or principal on outstanding debt instruments, or other debt service costs incurred prior to March 15, 2021
- Fees or issuance costs associated with the issuance of new debt.
- Satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring plan in a judicial, administrative, or regulatory proceeding.
- To support or oppose collective bargaining. This does not affect the ability to use funds to comply with 41 C.F.R. 60-1.4.

Funds Must Be Used for Eligible Purposes¹⁴

Recipients and subrecipients must maintain procedures for obtaining information to show beneficiary/subrecipient/contractor eligibility, including a valid SAM.gov registration.

Procurement Requirements – All Grantees

Related to documentation required in the Grantee's Grant Agreement with the TNECD, Broadband Office, all grantees shall supply their organization's procurement guidelines and a completed TNECD Procurement Form (Resources tab) to the Office of Broadband using the Title & Audit VI Formstack Submission found on the [TNECD Grants Administration website](#).

In addition, TNECD will require grantees to provide documentation of procedures used to procure any subcontractors associated with the awardees' project.

¹³ Guidance for the Coronavirus Capital Projects Fund, (September 2021), p.11

¹⁴ Treasury SLFRF Compliance and Reporting Guidance, Version 4.0 (June 10, 2022), p. 9.

Conflicts of Interest¹⁵

As per the Grantee's Grant Agreement with TNECD, neither the Grantees nor its officers or members, employees, or subgrantees may have an interest nor shall they acquire any interest, direct or indirect which would conflict or compromise in any manner the performance of services.

Also as part of its Agreement with TNECD, the Grantee shall periodically question its officers, members and employees concerning such interests and report in detail to TNECD if it discovers any such interest. Grantees will also establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal gain. Grantee must also ensure that all their contracted vendors signed the Conflict-of-Interest declaration as part of their contract or purchase order and the same has been stored to be presented to the TNECD at the time of their monitoring.

Transactions with Affiliated Business Entities or Relatives:

Also as per the Grant Agreement, Subrecipients/Grantees must make a full disclosure in writing to TNECD of any corporation, partnership, sole proprietorship, or other business entity of any kind which is a wholly or partially owned entity of the Grantee or whose relatives supply goods or services to Grantee or work for or provide services to Grantee.

Strong Practices in Construction

In general, Treasury encourages Subrecipients/Grantees to ensure Capital Projects incorporate strong labor standards, including labor agreements and local hire provisions that offer wages at or above the prevailing rate and include local hire provisions. Described below are requirements for grantees receiving State and Local Fiscal Recovery Program (SLFRF) and Capital Projects Fund (CPF) funding related to labor reporting. Federal Davis-Bacon Act prevailing wage rate requirements do not apply to projects funded solely by the Capital Projects Fund (CPF) program or the State and Local Fiscal Recovery Program (SLFRF). If, however, CPF or SLFRF funds are used in conjunction with another source of funds which requires Davis-Bacon Act compliance, then the project may be subject to compliance with the Davis-Bacon Act.

Completion for Construction

Whether funded by Capital Projects Funds (CPF) or State and Local Fiscal Recovery funds (SLFRF), depending on the program the grantee is participating in, as outlined in the Program Procedures and the Grant Disbursement agreement between Grantees and projects must reach completion within a certain timeframe.

For SLFRF funded projects, TNECD requires projects to be completed before the Contract End Date per federal guidelines, these funds must be expended by December 31, 2026.

¹⁵ 2 CFR §200.318(c).

Quarterly Project and Expenditure Labor Reporting Requirements – Projects Above Certain Thresholds

The following reporting requirements apply to Grantees for SLFRF-funded projects over \$10 million in expected total cost, and for CPF-funded projects receiving \$5 million or more in CPF funding based on expected total cost:

1. Grantees may provide a certification that, for the relevant project, all laborers and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the “Davis-Bacon Act”), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed, or by the appropriate State entity pursuant to a corollary State prevailing-wage-in-construction law (commonly known as “baby Davis-Bacon Acts”).

* If such certification is not provided, a Grantee must provide a project employment and local impact report detailing:

- The number of employees of contractors and sub-contractors working on the project;
- The number of employees on the project hired directly and hired through a third party;
- The wages and benefits of workers on the project by classification; and
- Whether those wages are at rates less than those prevailing. (As determined by US Secretary of Labor in accordance with subchapter IV of chapter 31 of Title 40, United States Code (“Davis-Bacon Act”))

Grantees must maintain sufficient records to substantiate this information upon request.

2. In addition, Grantees may provide a certification that a project includes a project labor agreement, meaning a pre-hire collective bargaining agreement consistent with section 8(f) of the National Labor Relations Act (29 U.S.C. 158(f)).
- If the recipient does not provide the above certification, the recipient must provide a **project workforce continuity plan**, detailing:
 - How the recipient will ensure the project has ready access to a sufficient supply of appropriately skilled and unskilled labor to ensure high-quality construction throughout the life of the project, including a description of any required professional certifications and/or in-house training;
 - How the recipient will minimize risks of labor disputes and disruptions that would jeopardize timeliness and cost-effectiveness of the project;
 - How the recipient will provide a safe and healthy workplace that avoids delays and costs associated with workplace illnesses, injuries, and fatalities, including

descriptions of safety training, certification, and/or licensure requirements for all relevant workers (e.g., OSHA 10, OSHA 30);

- Whether workers on the project will receive wages and benefits that will secure an appropriately skilled workforce in the context of the local or regional labor market; and
 - Whether the project has completed a project labor agreement.
3. Grantees will also report on whether the project prioritizes local hires.
4. Grantees will report on whether the project has a **Community Benefit Agreement**, with a description of any such agreement.

Reporting Requirements

Grantees shall submit Quarterly Project and Expenditure Reports through the Formstack Submission Form found on the Resources tab of the [TNECD Rural Development Grant Administration website](#). As this information is due from the State to the Treasury within 30 days following the end of the quarter, Grantees must submit these reports to the State prior to that time.

Report Type	Reporting Period	Due Date
Quarterly Report 1	December 1 st - February 28 th	April 3 rd
Quarterly Report 2*	March 1 st – May 31 st	July 3 rd
Quarterly Report 3	June 1 st – August 31 st	October 3 rd
Quarterly Report 4	September 1 st – November 30 th	January 3 rd
Annual Report (Same form as Q2)	Annual submission	July 3 rd
Close-out Report	1. Once grantee gets 85% of their grant funds reimbursed through invoicing from ECD 2. And once project reaches 100% of construction completion or service completion.	

In general, Reporting form cover detailed information under following sections:

- General Project Information: Information on generic project details and reporting period.
- Finance Section: Information on project expenditure including capital expenditure and invoicing plans.
- Programmatic Section: Information on project’s planned operations / activities and progress on the same.

- Demographic Section: Information on beneficiaries’ demographic background and project’s overall community impact
- Operations and timeline section: Information on any delays, obstacles, and future plans of project.

Location Data Reporting – For Public Wifi Projects

Beginning in the July 2023 reporting period, grantees are required to provide Fabric ID# and Provider ID#’s for all broadband locations and need to include standardized FCC Identifiers. Location templates will also need to be included as part of quarterly report for all broadband projects. Grantee has to provide location specific details for each project in the format as described in this [Location Data Job Aid here](#). Treasury has also mandated that all broadband grant projects, in order to demonstrate continued compliance with these standards, must perform speed and latency tests from the customer premises of an active subscriber to a remote test server at an end-point consistent with the requirements for a Commission-designated IXP. The attached job-aid would help grantees to navigate the requirements associated with location and speed data reporting.

This information is likely subject to be updated as TNECD finalizes the reporting process and subject to any changes in the SLFRF Reporting guidance.

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Monitoring Requirement

TN ECD along with its partners Accenture would be conducting a grant monitoring review process to review the progress of the funded project, its alignment with the pre-determined goals and objectives and to assess whether the organization’s operational procedures are in accordance with the best practices. The process may involve both desk reviews and site visits.

Grantees will be subject to a monitoring review at two points:

- Midpoint review: Once the project concludes the planning phase, as reported by the grantee under their quarterly reporting form as current project status phase. The mid-point monitoring would usually take place once the grantee is about to start / has started delivering the services to the end beneficiaries.
 - E.g. – If you are offering 5 courses, then the midpoint monitoring process can begin during the start of the first course itself however, the first course should have completed the planning phase, i.e. curriculum development and staff training etc.

Note – In case of Connected Community Facilities Grant, projects involving construction / renovation of facilities; mid-point monitoring would be initiated once the project reaches 50% of the construction completion mark.

- Closeout review: A closeout review will be conducted once the project concludes the implementation and evaluation phase as reported under their quarterly reporting form as current project phase. The close out would be conducted under two phases:

Note – In case of Connected Community Facilities Grant, projects involving construction / renovation of facilities; close - out monitoring would be initiated once the project reaches 100% of the

construction completion mark.

- Project Close Out – Once the project reaches 100% completion of its planned activities or services completed.
- Financial Close Out – Once the project has received 85% of their grant amount reimbursement.

The monitoring review can be conducted over desktop monitoring call or site monitoring visits based on the grantee's risk and trust level with ECD.

Monitoring Process Overview

Grantees would be contacted a month before their mid – point monitoring on the pre – monitoring requirements and schedule coordination.

The pre – monitoring requirements include:

1. Filling up Monitoring Form along with Procurement Form (Attached inside the Monitoring Form)
2. Necessary Documents Submission:
 - Grant Project Service Area Updated Map(s) in the form of Construction Plan Sheets (For construction specific projects like public wifi build / repair).
 - Procurement samples – For purchase more than \$250,000.00 / Any Formal Procurement (If vendor is retained / Contract awarded prior to grant award) A copy of your RFP/Bid Notice, Bid Tabulation Sheet, and executed contract.
 - Procurement samples – For purchase between \$10,000 to \$249,999.99 / A purchase in which you received three bids: Documentation of proof of at least three bids/price/rate quotations for one purchase.
 - Non-Competitive Procurement –A justification memo explaining rationale behind non-competitive procurement.

Monitoring Checklist

The monitoring process involves evaluating the project's compliance record and progress under following checks:

1. Procurement Discussion based on documents submitted during pre – monitoring submissions.
 - a. Verification of Contractor's license and debarment status
 - b. Verification of inclusion of small / minority / women business
2. Davis Bacon Requirements (For projects over \$10M or above)
3. Project Compliance: Discussion on project progress around construction (For Public Wi-fi build/repair), program details and progress, program impact, and any possible delays or obstacles encountered, etc. This section will also cover certain compliance requirements around capital purchase review (if any) as per the capital purchase requirements discussed in this guide.
4. Internal Control Compliance: Discussion around required internal protocols for planning changes, COI declarations in contracts, role segregation, trained personnel, and transactional controls.
5. Environmental Requirements (For CCF and BRC): Discussion on project's compliance with various environmental requirements and resiliency planning in the event of any natural disaster.
6. Close Out (For close out monitoring) –

- On – site inspection of project progress and impact delivered
- Closure check of project compliance requirements – Status of invoices submitted, document retention policy, etc.

Matching Funds Requirements

Invoices will be reimbursed at the match level outlined in your contract. For example – If you spend \$100,000.00 and have a 10% match requirement then ECD will reimburse \$90,000.00 to you.

Civil Rights Compliance¹⁶

Subrecipients of Federal financial assistance from the Treasury are required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds. Those requirements

include ensuring that entities receiving Federal financial assistance from Treasury do not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with the following authorities.

As agreed to in its Grant Distribution Agreement with TNECD, the Subrecipient/Grantee shall comply with all Federal and State laws, rules and regulations that prohibit any unlawful discrimination or violations of civil rights. These include but are not limited to:

- Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color or national origin;¹⁷
- The requirements of any other nondiscrimination statute(s) which may apply to this grant. The Grantee shall insert a similar provision in all subcontracts and subawards for activities covered under its Grant Agreement.

¹⁶ Capital Projects Fund Treasury Guidance (September 2021), p.19-20; Treasury SLFRF Guidance, (Version 4.0, June 10, 2022) p. 12.

¹⁷ P.L. 88-352.

Treasury's implementing regulations,¹⁸ and the Department of Justice (DOJ) regulations, Coordination of Non-discrimination in Federally Assisted Programs, provide for the collection of data and information from Recipients.¹⁹ In order to carry out its reporting responsibilities to the Treasury under Title VI of the Civil Rights Act, the State will collect and review information from subrecipients/grantees to ascertain their compliance with the applicable requirements before and after providing financial assistance.

Grantee shall make sure that their organization remain compliant with all civil rights requirements. If, any federal or state agency has conducted the civil rights review of the grantee organization then till the second year of such review, the review letter and relevant findings must be documented and presented to the TNECD during the monitoring visit.

Among the information which Treasury will request of Recipients, and which may in turn be requested of subrecipients are as follows:²⁰

- (1) The manner in which services are or will be provided by the program in question, and related data necessary for determining whether any persons are or will be denied such services on the basis of prohibited discrimination;
- (2) The population eligible to be served by race, color and national origin;
- (3) Data regarding covered employment, including use or planned use of bilingual public-contact employees serving beneficiaries of the program where necessary to permit effective participation by beneficiaries unable to speak or understand English;
- (4) The location of existing or proposed facilities connected with the program, and related information adequate for determining whether the location has or will have the effect of unnecessarily denying access to any persons on the basis of prohibited discrimination;
- (5) The present or proposed membership, by race, color and national origin, in any planning or advisory body which is an integral part of the program;
- (6) Where relocation is involved, the requirements and steps used or proposed to guard against unnecessary impact on persons on the basis of race, color or national origin.

Recoupment

Failure to comply with the compliance and reporting obligations under the Program may result in recoupment of funds per Treasury guidance.²¹

¹⁸ 31 C.F.R. part 22.

¹⁹ See 28 C.F.R. 42.406.

²⁰ Per 28 CFR 42.406(a-c)

²¹ Coronavirus SLFRF Interim Final Rule (May 17, 2021), p.26811

Additional Requirements Applicable to Grantees Other than Private, For-Profit Organizations

NOTE: In general, except where otherwise noted, references to the Uniform Guidance (2 CFR 200) apply only to non-Federal entities, defined as a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

As such, where the term, “non-Federal entity” is used, it is referring to the entities listed above, and does not refer to private, for-profit subrecipients/grantees.

Contract Work Hours/ Safety Standards²²

All non-Federal entity contracts made by subrecipients/grantees in excess of \$100,000 involving mechanics or laborers must include a provision for compliance with certain provisions of the Contract Work Hours and Safety Standards Act, 40 USC 3702 and 3704, as supplemented by the Dept. of Labor regulations (29 CFR Part 5).

Audits

For Grantees other than private, for-profit subrecipients, Subpart F – Uniform Guidance Audit Requirements implementing the Single Audit Act, shall apply.²³ Subrecipients must comply with all audit requirements (as required by Uniform Guidance Subpart F, see attached Appendix A below) when subrecipient’s Federal awards during fiscal year equal or exceed threshold in §200.501 (\$750,000). For a summary of the Uniform Guidance Audit Requirements, please refer to the attached Appendix A. The full Treasury Audit requirements section can be referred to in 2 CFR §200.500-§200.520.²⁴

As outlined in the Grant Agreement with TNECD, non-Federal entity Grantees are responsible for procuring and arranging for annual audits and must follow applicable general procurement standards (2 CFR Section 200.318 through 200.327). Grantees will further comply with the Federal requirements of 2 CFR 200 Subpart F as may be applicable; the State accountability requirements of the State of Tennessee can be found on the [Department of Finance and Administration’s website](#).

²² See 2 CFR 200 (Uniform Guidance) Appendix II.

²³ 2 CFR §200.500 et seq. (Uniform Guidance) and Appendix A summary.

²⁴ See also OMB Compliance Supplements for audits of Federal Funds and related guidance (<https://www.whitehouse.gov/omb/office-federal-financial-management/>) and Federal Audit Clearinghouse (<https://facweb.census.gov/uploadpdf.aspx>) for examples and single audit submissions.

In its SLFRF and CPF Compliance Supplements, Treasury has identified a Matrix of Compliance Requirements which apply to these programs.²⁵ Auditors must identify the compliance requirements subject to the audit for the relevant program and then determine which are likely to have a direct and material effect on the federal program of the auditee.

Treasury has developed an alternative approach which is available for SLFRF Grantees that would otherwise not be required to undergo an audit if it were not for their SLFRF-funded Treasury award. Under its authority 2 CFR section 200.102(a), OMB is authorizing the use of an alternative compliance examination engagement in accordance with the Government Accountability Office's Government Auditing Standards in lieu of a full single audit or program-specific audit as required per 2 CFR 200, Subpart F. The alternative approach along with the criteria for eligible recipients are detailed in the Part 4 – Section IV, "Other Information" section of assistance listing 21.027 – Coronavirus State and Local Recovery Funds.²⁷ Eligibility to use the alternative approach is limited to Grantees that expend \$750,000 or more in federal awards during the Grantee's fiscal year, and which meet **both** of the criteria below:

- 1.) Grantee's total SLFRF award is at or below \$10 million;
- 2.) Other federal funds the Grantee expended (not including their SLFRF award funds) are less than \$750,000 during the Grantee's fiscal year.

²⁵ See 2022 SLFRF Compliance Supplement, April 2022, p. 4-21.027-4 (<https://home.treasury.gov/system/files/136/21.027-SLFRF-2022-Compliance-Supplement.pdf>), and 2022 CPF Compliance Supplement. April 2022, p. 4-21.029.3 (<https://home.treasury.gov/system/files/136/21.029-CPF-2022-Compliance-Supplement.pdf>)

²⁶ 2022 SLFRF Compliance Supplement, April 2022, p. 8-VII-5 (Appendix VII)

²⁷ 2022 SLFRF Compliance Supplement at p. 4-21.027-10 et seq.

Equipment and Real Property Management⁶⁶

In general, Equipment and real property acquired under this program must be used for the originally authorized purpose, and any equipment and real property acquired under the SLFRF or CPF program will vest in the Subrecipient/Grantee.

Real Property

As specified and agreed to in the Grantee's Grant Agreement with the State, non-Federal entity Grantees must comply with the property standards as set forth in the Uniform Guidance.⁶⁷ Title to real property acquired with Treasury award funds vests in the Subrecipient/Grantee acquiring that real property.⁶⁸ It must be used for the originally authorized purpose as long as needed for that purpose. The Treasury may require the Grantee to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award.⁶⁹ When that real property is no longer needed, the subrecipient must get disposition instructions from the Federal awarding agency (Treasury) or the pass through entity (TNECD, Broadband Office). Some possible options include the recipient retaining title after compensating the Treasury; selling the property and compensating the Treasury; or transferring title to the Treasury or a third party approved by the Federal awarding agency.

Equipment⁷⁰

Title to equipment acquired with Treasury award funds will vest upon acquisition in the non-Federal entity Subrecipient/Grantee, provided that the subrecipient uses the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project; the awardee does not encumber the property without approval of the Treasury or TNECD, Broadband Office (Recipient); and provided that the grantee uses the equipment in the program or project for which it was acquired as long as needed for the original program/project.

⁶⁶ Uniform Guidance, Subpart D, §§200.311, 200.313.

⁶⁷ 2 CFR 200.310-200.316.

⁶⁸ 2 CFR 200.311 and 2 CFR 200.313.

⁶⁹ 200 CFR 200.316.

⁷⁰ 2 CFR 200.313.

Management Requirements⁷¹

Subrecipients/grantees must maintain property records that include the following information:

- Description of the property;
- A serial number or other identification number;
- The source of funding for the property (including the FAIN (Federal Award ID number)),
- Who holds title to the property;
- The acquisition date;
- Cost of the property;
- The percentage of Federal participation in project costs;
- Location;
- Use and condition of the property;
- Any ultimate disposition data, including:
 - Date of disposal, and
 - Sale price of the property
- Physical Inventory - A physical inventory must be taken and results reconciled with the property records at least once every two years.
- Control System – Must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property, and any loss/damage/theft must be investigated.
- Adequate Maintenance - Procedures must be developed to keep the property in good condition
- Sale - If the Subrecipient/Grantee is required to sell the property → proper sales procedures must be established to ensure the highest possible return

Disposition of Equipment Requirements⁷²

When original or replacement equipment acquired under a Treasury award is no longer needed for the original project or program or for other activities currently or previously supported by the Treasury, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the Subrecipient/Grantee must request disposition instructions from the Treasury if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Treasury disposition instructions:

- Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold, or otherwise disposed of with no further responsibility to the Federal awarding agency.
- Items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained by the Subrecipient/Grantee or sold. The Treasury is entitled to an amount

⁷¹ Uniform Guidance, §200.313(d).

⁷² Uniform Guidance, §200.313(e).

calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Treasury may permit the Subrecipient/Grantee to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

- The Subrecipient/Grantee may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the Subrecipient/Grantee must be entitled to compensation for its attributable percentage of the current fair market value of the property.
- In cases where the Subrecipient/Grantee fails to take appropriate disposition actions, the Federal awarding agency may direct the grantee to take disposition actions.

Procurement⁷³

When procuring property or services with Federal funds, subrecipients/grantees other than for-profit, private grantees must follow procurement standards as outlined in the Uniform Guidance. For a summary of the Uniform Guidance Procurement requirements (2 CFR §§200.318-200.327), please see the attached summary in Appendix B.

Program Income Requirements⁷⁴

Non-Federal entity subrecipients/grantees should calculate, document, and record the organization's "program income".⁷⁵

Program income includes but is not limited to:

- Income from fees for services performed;
- Use or rental of real or personal property acquired under Federal awards; and
- Principal and interest on loans made with Federal award funds

Program income excludes:

- Interest earned on advances of Federal funds, rebates, credits, discounts; or
- Interest on rebates, credits, or discounts
- **Governmental Revenues.** Taxes, special assessments, levies, fines unless specifically identified in the Federal award or Federal regulations as program income (Uniform Guidance §200.307(c))
- **Property.** Proceeds from the sale of real property, equipment, or supplies are not program income.

⁷³ Per Uniform Guidance, §§200.317-200.327—see attached Appendix B for summary of the Uniform Guidance Procurement Guidelines.

⁷⁴ See §200.307 Uniform Guidance for more detail on this requirement.

⁷⁵ SLFRF Treasury Compliance and Reporting Guidance (Version 4.0, June 10, 2022), p. 10.

In recent guidance related to SLFRF awards, Treasury has stated that recipients may add program income to the Federal award. Further under Treasury guidance, any program income generated from SLFRF funds must be used for the purposes and under the conditions of the Federal award.⁷⁶

Additionally, for CPF-funded grantees, Treasury has also stated that it encourages grantees to use program income to defray program costs where appropriate.⁷⁷

Invoicing

Grantees must follow the format prescribed by TNECD, which includes submitting a PDF request package with a cover sheet, a backup details sheet and the supporting documentation which comprises individual vendor invoices and proofs of payments to ECD's mail id - ECD.Invoices@tn.gov.

For a comprehensive guide on invoicing procedures, please refer the detailed job aid and mini-video series available at the below links on the ECD website:

- [Invoicing Job Aid Part 1: Goal, overview of the process and filling invoice template](#)
- [Invoicing Job Aid Part 2: Compiling request](#)
- [Invoicing Job Aid Part 3: Eligible and ineligible expenses](#)
- [Invoicing Job Aid Part 4: Delivering the package to ECD, submitting revisions, and review timeline & payment](#)
- [Invoicing Job Aid Part 5: Common errors to avoid, and key resources & contacts](#)

While compiling invoice packages for reimbursement, we kindly request the grantees' cooperation in ensuring that each reimbursement invoice package contains no more than 300 pages. Additionally, there must be a minimum gap of one week between two subsequent invoice requests for the same project.

Please note that the grantees must redact the following information from their invoices and proof of payments before submitting them to TN ECD.

- ACH Company Name
- ABA Code
- Account Number
- Magnetic Ink Character Recognition Code

TN ECD's invoice review and payment process is expected to conclude within a span of 3-4 weeks. If revisions are required for the reimbursement invoice, this estimated timeline starts over.

Following the prescribed guidelines will aid in minimizing or eliminating the need for iterative refinements, expediting the review process, and thereby ensuring seamless payment processing.

⁷⁶ Per 2 CFR 200.307, and Coronavirus State and Local Fiscal Recovery Funds, Final Rule: Frequently Asked Questions as of April 27, 2022, FAQ #13.11.

⁷⁷ Coronavirus Capital Projects Fund Compliance and Reporting Guidance For States, Territories, and Freely Associated States, *Draft for Public Comment, May 2022*, p.13)

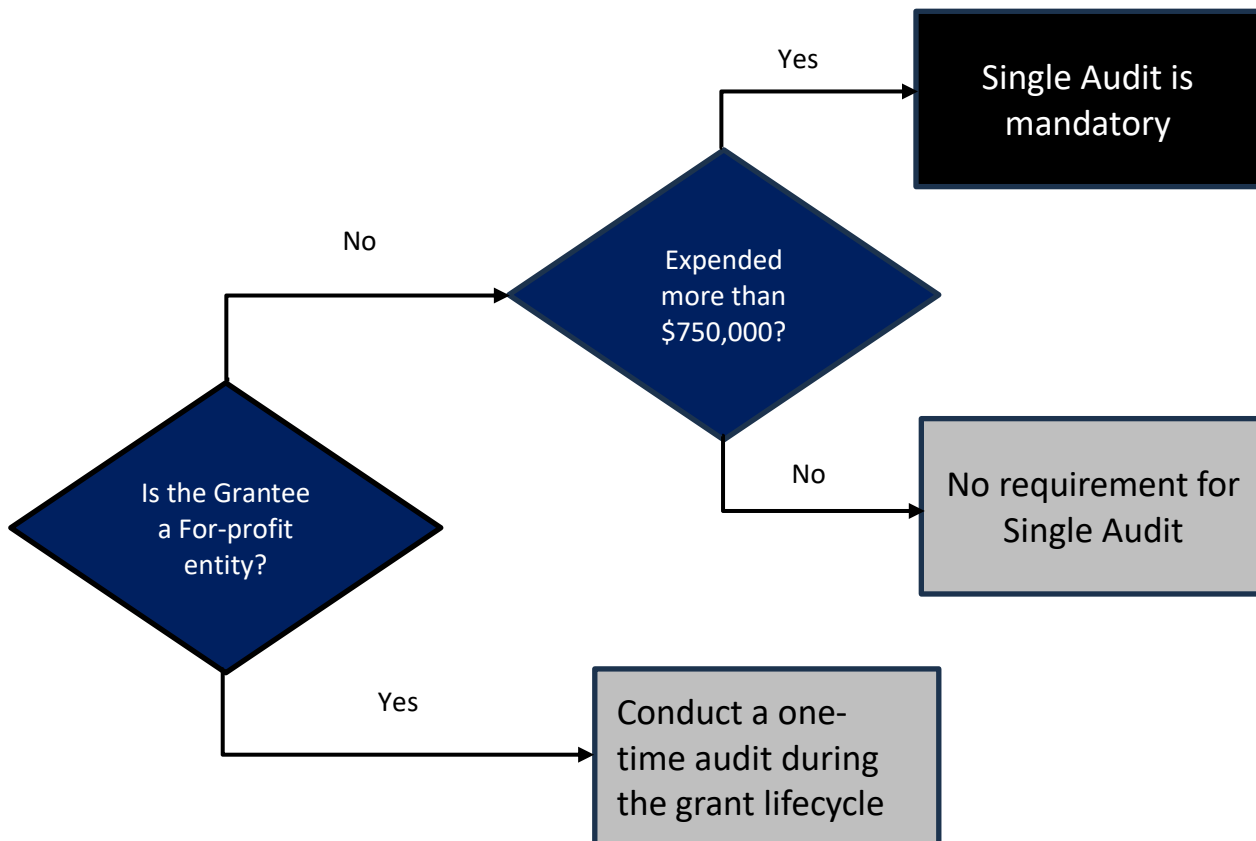
Appendix A
Summary of Uniform Guidance Audit Requirements Subpart F

Subpart F – Audit Requirements (Uniform Guidance) (2 CFR §200.500 et seq.)

Applicability

Non-Federal entity Recipients and subrecipients that expend \$750,000 or more during non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit. Non-Federal Entities are defined as a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a federal award as a recipient or subrecipient. As such, for-profit entities that receive SLFRF subawards are not subject to Single Audit requirements. However, they are subject to other audits as deemed necessary by authorized governmental entities, including Treasury, the GAO, and Treasury's OIG.⁷⁸

The below flowchart is representative of the need for the conduct of an audit by an entity:



Types

Single Audit

- **Single Audits** – Must be conducted in accordance with §200.514.⁷⁹

Program Specific Audit

- **Program-specific Audit:** when auditee expends Federal awards under only one program (excluding R&D), and the Federal program's statutes, regulations, or terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted.⁸⁰

Exemptions from Audit Requirements

If a non-Federal entity expends less than \$750,000 during that non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in §200.503. However, records must be made available for review or audit.

Auditee Definition

Auditees may be a recipient, subrecipient, and contractor simultaneously. Federal awards expended as a recipient or subrecipient are subject to audit. Payments for goods or services provided as a contractor are not Federal awards.⁸¹

⁷⁸ Treasury SLFRF Guidance, p. 11, footnote 8.

⁷⁹ 2 CFR §200.501(b).

⁸⁰ See Uniform Guidance (2 CFR §200.507) for detail on program-specific audits.

⁸¹ See §200.331 of Uniform Guidance for determining whether payments constitute Federal award or payment for goods/services.

Auditee Responsibilities - Contractors

Compliance for Contractors. Generally, auditee's responsibility is just to ensure that contractor is responsible for program compliance. When procurement transaction relate to a major program, scope of the audit must include determining whether transactions are in compliance with Federal statutes, regulations, and terms and conditions of Federal awards.

Pass-Through Entity (PTE) Responsibilities - For Profit Subrecipients

Pass-through entities are responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. An agreement with for-profit subrecipient must describe applicable compliance requirements. (Methods include pre-award audits, monitoring during agreement, post- award audits)⁸²

When is the Federal award Expended?

Must be based on when the activity related to the Federal award occurs.⁸³

Relation to other Audit Requirements

An audit conducted in accordance with this part must be in lieu of any financial audit of Federal awards which a non-Federal entity is required to undergo under any other Federal statute or regulation.⁸⁴

Audit Frequency

Audits required by this part must be performed annually, unless otherwise required by State, local, tribal constitution/statute.⁸⁵

Auditee Responsibilities⁸⁶

Auditees are responsible for:

- Procuring/arranging for an audit⁸⁷
- Preparing appropriate financial statements, including schedule of expenditures of Federal awards,⁸⁸
- Following up and taking corrective action on audit findings, including preparation of a summary schedule of prior audit findings and corrective action plan (see §200.511(b) and (c),
- Providing the auditor with access to personnel, accounts, books, records, and other information needed

⁸² See also §200.332, Uniform Guidance.

⁸³ Uniform Guidance, §200.502.

⁸⁴ §200.503.

⁸⁵ §200.504.

⁸⁶ §200.508

⁸⁷ §200.509

⁸⁸ §200.510

Auditor Selection⁸⁹

In selecting an auditor, the Auditee must follow Uniform Guidance Procurement standards (See attached summary of Uniform Guidance Procurement Standards, Appendix B below).⁹⁰ In requesting proposals for audit services, objectives/scope of audit must be made clear and non-Federal entity must request copy of audit organization's peer review report. In addition, the Auditee must make efforts to utilize small business, minority-owned firms, and women's business enterprises under §200.321.

Restrictions on Auditors – Indirect Cost Proposals

If an auditor prepares an indirect cost proposal or cost allocation plan, it may not also be selected to perform the audit when indirect costs recovered by auditee exceed \$1 million.

Federal Auditors

Federal auditors may perform all or part of the work under this part.

Auditee Requirements - Financial Statements⁹¹

The Auditee must prepare a financial statement reflecting:

- Financial Position,
- Results of operations/changes in net assets,
- Cash Flows for fiscal year audited (where appropriate)
- Financial statements must be for the same organizational unit and fiscal year that is chosen to meet this part.
- Non-Federal entity-wide financial statements may also include departments, agencies, and other organizational units that have separate audits in accordance with §200.514(a) and prepare separate financial statements.

Auditee Requirements - Schedule of Expenditures of Federal Awards

The Auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended.⁹²

The Minimum Schedule requirements are as follows:

- A list of individual Federal programs by Federal Agency,
- For Federal awards received as a subrecipient, the name of the Pass-through Entity and ID number assigned by the PTE.
- Provide total Federal Awards expended for each individual Federal program and Assistance Listings Number (ALN) or other ID number if ALN is not available.
- Include total amount provided to subrecipients from each Federal program.

⁸⁹ §200.509

⁹⁰ See Appendix B summary as well as Uniform Guidance §§200.317-200.327 for full requirements.

⁹¹ §200.510

⁹² §200.502

- For loan/loan guarantee programs, identify in notes to schedule the balances outstanding at the end of the audit period.⁹³ In addition, include the total Federal awards expended for loan/loan guarantee programs in the schedule.
- Inclusion of notes that describe significant accounting practices used in preparing schedule, and note whether or not auditee elected to use 10% de minimis cost rate under §200.414

Auditee Follow-up Requirements⁹⁴

The Auditee is responsible for follow-up and corrective action on all audit findings. Auditee must prepare a summary schedule of prior audit findings. The Auditee must also prepare a corrective action plan for current year audit findings.⁹⁵

Audit Report Submission⁹⁶

The audit must be completed and data collection and reporting package submitted within the earlier of 30 calendar days after receipt of auditor’s report(s), or nine months after the end of the audit period. If due date falls on Saturday, Sunday, or Federal holiday, reporting package is due next business day.

Public Inspection/Confidentiality

Auditees must make copies available for public inspection unless restricted by Federal statutes or regulations. Auditees/auditors must ensure their parts of reporting package do not include protected personally identifiable information.

Collection of Audit Information

The Federal Audit Clearinghouse (FAC) is the repository for audit reporting packages and the data collection form.

Required Data

The auditee must submit data elements via the Federal Audit Clearinghouse (FAC) Internet Data Entry System.⁹⁷

Signed Statement

A senior level representative of the auditee (e.g. state controller, director of finance, CEO, or CFO) must sign a statement to be included as part of data collection stating:

⁹³ §200.502(b)

⁹⁴ §200.511

⁹⁵ See §200.511(b) and (c) of the Uniform Guidance for more detail on summary schedule and corrective action plan requirements.

⁹⁶ §200.512

⁹⁷ <https://facides.census.gov/Account/Login.aspx>

- a. Auditee complied w/ requirements of this part,
- b. Data were prepared in accordance with this part,
- c. The reporting package does not include protected personally identifiable information, and
- d. The information included in its entirety is accurate and complete; and
- e. That the FAC is authorized to make the reporting package and form publicly available on a website.

EXCEPTION: If auditee is Indian tribe or tribal organization, they have the option of not including the authorization in the statement (e) above for the FAC to make the reporting package and form publicly available on a website. If this option is exercised, auditee is responsible for submitting reporting package directly to any pass-through entities through which it has received a Federal award.

NOTE: Unless restricted by Federal statute or regulation, if auditee opts not to authorize publication, it must make copies available for public inspection

Auditor Responsibilities

Using data elements below, auditor must complete applicable data elements of the data collection form and must sign a statement indicating:

- The source of the information included in the form,
- The auditor’s responsibility for the information,
- That the form is not a substitute for the reporting package in paragraph (c) of this section, and
- That the content of the form is limited to the collection of information prescribed by OMB

Audit Reporting Package Requirements

Reporting Package Must include:

- (1) Financial statements and schedule of expenditures of Federal awards discussed in §200.510(a) and (b);
- (2) Summary schedule of prior audit findings discussed in §200.511(b);
- (3) Auditor’s reports discussed in §200.515; and
- (4) Corrective action plan (§200.511(c))

Auditee Submission Requirements

Submission to FAC. Auditee must electronically submit to the FAC: (1) the data collection form, and (2) the reporting package

Requests for Management Letters issued by Auditor. If Federal Agency of pass-through entity requests, auditees must submit a copy of management letters issued by auditor

Report Retention - Auditees

Report retention requirements. Auditees must keep one copy of the data collection form and one copy of the reporting package on file for three years from date of submission to the FAC.

Auditor Requirements⁹⁸

General

Audit must be conducted in accordance with GAGAS (Generally Accepted Government Auditing Standards). The Auditor must make determination that auditee statements are presented fairly as well as schedule of expenditures is stated fairly.

Auditors must report significant deficiencies or material weakness in accordance with §200.516, assess related control risks and consider whether additional compliance tests are required because of ineffective internal control.

Compliance. In addition to GAGAS, auditor must determine whether auditee complied with Federal statutes, regulations, and terms and conditions of Federal awards

Audit follow-up. Auditor must follow up on prior audit findings, assess reasonableness of summary schedule of prior audit findings prepared by auditee under §200.511(b) and report any material misrepresentations of status

Data Collection Form. As required by §200.512(b)(3), auditor must complete and sign specified sections of the data collection form.

Auditor Reporting Requirements⁹⁹

Auditor reports can be in a different form than provided in this section but must state that audit was conducted in accordance with this part and include:

1. Financial Statements
2. Report on internal control over financial reporting and compliance
3. A report on compliance for each major program and a report on internal control over compliance
4. A schedule of findings and questions costs which must include:
 - (1) A summary of the auditor's results, which must include:
 - (i) Type of report auditor issued on whether FS audited were prepared in accordance with GAAP;
 - (ii) internal control were disclosed by the of financial statements;

⁹⁸ Uniform Guidance §§200.514-200.521.

⁹⁹ See Uniform Guidance §200.515 for additional details on the below requirements.

(iii) A statement as to whether audit disclosed any noncompliance that is material to the financial statements of the auditee;

(iv) Where applicable, a statement about whether significant deficiencies or material weaknesses in internal control over major programs were disclosed by audit

Additional Requirements for Auditors¹⁰⁰

- **§200.516 – Audit Findings** (For Detailed requirements for Auditor in a schedule of findings and questioned costs)
- **§200.517 – Audit Documentation**
- **§200.518 – Major Program Determination**
- **§200.519 – Criteria for Federal Program Risk**
- **§200.520 – Criteria for a Low-Risk Auditee**
- **§200.521 – Management Decision**

Pass-through Entities Requirements

Pass-through entities (Definition: non-Federal entities that provide subawards to a subrecipient to carry out part of a Federal program): Under §200.332(d), the PTE must be responsible for issuing a management decision for audit findings that relate to Federal awards it makes to subrecipients.

- Time Requirements: The Federal awarding agency or PTE responsible for issuing a management decision must do so within 6 months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.
- Reference numbers. Management decisions must include the reference numbers the auditor assigned to each audit finding in accordance with §200.516(c)

Recommendations for Audits

Following leading practices can be incorporated for conducting grantee audits pertaining to TEBF ARP grant program:

- **Standard Auditing Report Format**
A standard auditing report format that captures information regarding federal award findings/financial statements is present as a sample in the next section. It provides a format for the grantee auditors to report audit findings for financial statements and federal awards. There is an audit finding summary which consists of 5 sections along with a format for summarized audit findings as well as detailed audit findings.
- **Segregation of findings into risks**

Any finding across Financial Statements or Federal awards must be classified into various risks which are described as follows:

- Financial/Transactional Risk

A finding that may lead to loss of an organization's revenue/funds/capital

Example: Duplicate invoicing leading to double payment to a particular vendor or payment to an unauthorized vendor is an example of a financial/transaction risk.

- Access based risks

A finding arising due to improper segregation of duties for critical activities as well as critical access being given to unauthorized individuals is classified as an access risk.

Example: A user having the authority to create a Purchase order as well as Approve it is an example of a segregation of duties risk. On the other hand, a user outside the Human resources function having the authority to change the salary of an individual is classified as a critical access risk.

- Process Based Risk

A finding arising due to lack of process/policy or due to not following a prescribed set of activities not

Example: Procurement policy not being followed is a type of process-based risk.

- IT System risk

A finding arising due to technical issues within the IT system.

Example: Technical issues preventing flow of data from one IT system to another resulting in a reporting impact.

A classification of findings into the above risks could lead to trend analysis of risks and identification of common risks across grantees.

Auditors must also classify the risk level of findings as High/Medium/Low. This enables the grantee organization and ECD to identify discrepancies in what the level of finding is and actually should be. It may be the case that the finding classified by the auditor as low/medium could be categorized as High by ECD and warrant subsequent corrective measures.

Example: A duplicate invoice may be classified as a high risk finding whereas a Purchase Order not following the approval process may be classified as a medium risk finding by the auditor.

- Capturing Materiality exposure for audit findings

Every finding should have a materiality exposure associated to it in the form of \$ value to apprise the grantee organization as well as ECD regarding the extent of compliance issues with the grantee.

Grantees having a higher materiality exposure could possibly warrant corrective actions initiated by ECD to prevent further risks from materializing as well as lead to categorizing grantees quantitatively.

Sample Audit finding and Reporting Format

Audit Report and Finding Summary for Grantee Organization X
Year ended June 30, 2023

Section 1. Identification of Major Programs for Grantee Organization X

S.No.	Program	Project Name	Grant Award Amount	Grant Funds expensed
1	TN Emergency Broadband Fund	XXX County	\$XXX,XXX	\$AAA,AAA
2	TN Emergency Broadband Fund	YYY County	\$YYY,YYY	\$BBB,BBB

In this section all the projects pertaining to the Federal program grant must be mentioned by the auditor to give an indication to TNECD as to whether there has been an audit conducted for relevant Broadband specific grant, all the projects being undertaken at various locations by the grantee are covered in the audit and how much amount has been expensed by the grantee

Section 2. Dollar Threshold used to distinguish between Type A and Type B program **\$750,000**

In this section the \$ figure necessary for conduct of an audit which is \$750,000 has to be written. This gives an indication to TNECD as well as other reviewers that a single audit is necessary for the grant program if the funds expenses are greater than \$750,000.

Section 3. Risk level of Auditee **High/Medium/Low**

In this section the risk level of the grantee is mentioned.

Section 4. Summary of Auditor's Results

4.1. Financial Statements

4.1.1. Internal Controls over Financial Reporting

- Material weakness identified: **Yes/No**
- Significant Deficiency identified that is not considered to be material weakness: **Yes/No**
- Non-compliance material to financial statements noticed: **Yes/No**
- Repeat Audit Findings noticed for Financial Statements: **Yes/No**

4.1.2. Type of Auditors report issued on Financial Statements: **Modified/Unmodified**

4.1.3. Combined Materiality exposure of Audit findings for Financial Statements: **\$XX,XXX**

4.2. Federal Awards

4.2.1. Internal Control over Federal programs as outlined in Section 1

- Material weakness identified: **Yes/No**
- Significant Deficiency identified that is not considered to be material weakness: **Yes/No**
- Repeat Audit Findings noticed for Federal Program: **Yes/No**

4.2.2. Type of Auditors report issued on compliance for major programs: **Modified/Unmodified**

4.2.3. Combined Materiality exposure of Audit Findings for Federal Awards: **\$YY,YYY**

In this section a summary of the findings across Financial Statements and Federal Award programs are mentioned.

This is the most important section and gives a precise view to TNECD whether any findings were observed and the classification of the findings (Material Weakness/Significant deficiency) along with an

indication that there were repeat findings.

The combined materiality exposure of the findings observed (4.1.3 & 4.2.3) across Financial Statements and Federal awards also need to be mentioned to act as an early warning signal for TNECD to initiate corrective measures and follow ups in advance.

Section 5. Attestation for Findings disclosure in line with CFR guidelines

Any audit findings that are required to be reported in accordance with 2CFR 200.516: **Yes/No**

In this section a Yes/No answer to compliance with 2CFR200.516 guideline has to be written by the auditor

Summary of Findings for Financial Statements/Federal Awards

In this section a summary of the findings across different projects undertaken by the grantee organization should be reported in the following format.

S.No	Finding	Area	Type of Risk	Type of Finding	Finding Classification	Project Affected	Materiality (In \$)
01	Finding XX	Financial Finding/Federal Award Finding	Financial (Transactional) Risk/Process based risk/Access Risk/Master Data based Risk/IT System related risk	New/Repeat	High risk/Medium risk/Low risk	XXX County & YYY County	\$XX,XXX

This classification would also enable TNECD to check trends across type of risks to issue guidelines in advance for remediation/mitigation of common risks across grantees.

Detail of Findings for Financial Statements/Findings and Questioned Costs for Federal Awards

In this section a detail of all the financial statement findings/Findings and Questioned Costs for Federal awards should be reported in the following format individually

Finding	
Criteria	
Condition/Context	
Cause	
Effect	
Repeat Findings	
Recommendation	
CAP for Repeat Findings (Only to be filled if the finding is a repeat finding)	
Has CAP been implemented?	
View of Responsible Officials	

¹⁰⁰ Refer to relevant Uniform Guidance sections listed for detail on these requirements.

Appendix B
Summary of Uniform Guidance Procurement Requirements (2 CFR
§200.317-§200.327)

Procurement Requirements (Uniform Guidance)(2 CFR §200.317-200-327)

General

NOTE: The following procurement requirements (2 CFR 200.317-200.327) apply only to non-Federal Entities, defined as a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient. As such, they are inapplicable to private, for-profit subrecipients/grantees.

Procurement – Competition Requirements¹⁰¹

All procurement transactions for acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition.

Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

A non-Federal entity must have written procedures for procurement transactions and ensure that all solicitations:

- Have clear and accurate description of technical req's for material/product/service to be procured; and
- Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals

Procurement - Methods¹⁰²

Informal Procurement

If the value of the procurement for property or services under a Federal award does not exceed the "simplified acquisition threshold" (SAT) or a lower threshold → formal procurement methods are not required.¹⁰³

Formal Procurement

Sealed bid processes and publicized proposal requests are required as well as public advertisement are required unless a non-competitive procurement is allowed.¹⁰⁴

Non-Competitive Procurements

Recipients may conduct non-competitive procurements under the Uniform Guidance if:

¹⁰¹ Uniform Guidance §200.319.

¹⁰² §200.320

¹⁰³ See Uniform Guidance, §200.1 for definition of Simplified Acquisition Threshold.

¹⁰⁴ Uniform Guidance §200.320(c)

- The Item in question is below the micro-purchase threshold;
- The Item is only available from a single source;
- Public exigency/emergency doesn't permit delay; OR
- After solicitation of a number of sources, competition is determined inadequate

Contracting with Small, Minority-Owned, and Women-owned Businesses¹⁰⁵

Non-Federal entities must take several affirmative steps in the procurement process, as detailed in the Uniform Guidance For Federal Awards, in particular:

- Placing small, minority, and women's businesses on solicitation lists,
- Assuring that small, minority, and women's businesses are solicited whenever they are potential sources,
- When economically feasible, dividing requirements into smaller tasks/quantities to permit maximum participation by s/m/w businesses,
- Establishing delivery schedules where a requirement permits, which encourage participation by s/m/w businesses,
- Using services/assistance of the Small Business Administration and the Minority Business Development Agency of Dept. of Commerce; and
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps (1-5 above)

Domestic Preferences for Procurements¹⁰⁶

To the greatest extent practicable, non-Federal entity recipients should provide preference for purchase, acquisition, use of goods, products, or materials produced in the United States. The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products.

Procurement of Recovered Materials¹⁰⁷

Non-Federal entities that are state agencies or local agencies of a political subdivision of a state and its contractors must comply with §6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.

Requirements of 6002 include:

- Procuring only items designated in EPA Guidelines (40 CFR Part 247) that contain the highest percentage of recovered materials practicable where purchase price of the item exceeds

¹⁰⁵ Uniform Guidance, §200.321.

¹⁰⁶ Uniform Guidance, §200.322.

¹⁰⁷ Uniform Guidance, §200.323

\$10,000 or value of the quantity acquired during the preceding fiscal year exceeded \$10,000;

- Procuring solid waste management services in a manner that maximizes energy and resource recovery; and
- Establishing an affirmative procurement program for procurement of recovered materials identified in EPA guidelines

Contract Cost and Price¹⁰⁸

Costs – In General

Non-Federal entities must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. In addition, non-Federal entities must make independent estimates before receiving bids or proposals and must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. Consideration must be given to:

- The complexity of the work to be performed,
- The risk borne by the contractor,
- The contractor's investment,
- The amount of subcontracting,
- The quality of its records of past performance, and
- Industry profit rates in the surrounding geographical area for similar work

Estimated Costs

Estimated Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under Subpart E of the Uniform Guidance.¹⁰⁹ A non-Federal entity may reference its own cost principles that comply with the Federal cost principles.

Costs Plus Percentage of Construction - Prohibited

Cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

¹⁰⁸ Uniform Guidance §200.324.

¹⁰⁹ Refer to Uniform Guidance §200.400 et seq.

Review by Federal Awarding Agencies or Pass-Through Entities¹¹⁰

Non-Federal entity recipients must make certain items available upon request by the Federal Awarding Agency or Pass-Through Entity:

- Technical Specifications on proposed procurements where requested;
- Pre-procurement review, procurement documents, requests for proposals (RFPs), independent cost estimates.
 - **EXCEPTION from pre-procurement review:** If non-Federal entity requests and receives certification of its procurement system by the Federal awarding agency, or self-certifies its own system with written assurances to the Federal agency citing specific policies, procedures, regulations, or standards, and has its system available for review.

State Procurement Requirements for non-Federal Entities

- The State of Tennessee's procurement procedures manual and specific policies can be found in greater detail on the [Department of General Service's website](#).

NOTE: Any attempts by the Grantee to segregate the Project into sections in order to circumvent competitive procurement may be cause for termination of its Grant Agreement with TNECD.

- The Grantee shall have available upon request for review by TNECD or its designated representative, bid documents and other evidence of compliance with these procedures. The resolution of bid and contract disputes is the responsibility of the Grantee.

¹¹⁰ Uniform Guidance §200.325.

Bonding Requirements¹¹¹

As otherwise required by law, a grant that requires the contracting or subcontracting for construction or facility improvements under \$25,000 shall provide for the Grantee to follow local or State requirements relating to bid guarantees, performance bonds, and payment bonds provided that the Grantee's and State's interest is adequately protected and that such contracts can be executed in a timely manner; otherwise, bonding requirements shall be the same as for contracts exceeding \$25,000. Consistent with 2 CFR 200.326, if a contract or subcontract exceeds \$25,000, the minimum bonding and insurance requirements shall be as follows:

For construction/facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold (SAT), either the State or the Federal awarding agency will make a determination that the Federal interest is adequately protected by the non-Federal entity's bonding policy/requirements. If this determination is not made, the minimum requirements must be:

- A bid guarantee from each bidder equivalent for 5% of the bid price.
 - Bid guarantee must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- A performance bond on the part of the contractor for 100% of the contract price.
- A payment bond on the part of the contractor for 100% of the contract price.

Contract Provision Requirements for non-Federal Entity Grantees¹¹²

NOTE: The contract provision requirements in the Uniform Guidance (Appendix II to 2 CFR 200) apply only to non-Federal Entities, defined as a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient. As such, they are inapplicable to private, for-profit subrecipients/grantees.

Under the Uniform Guidance there are a number of contract provision requirements for recipients and the entities they contract with under Federal awards, including:

- **Breach/remedies. If a contract is for more than the simplified acquisition threshold (SAT), it must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate;**

¹¹¹ Uniform Guidance, §200.326.

¹¹² Uniform Guidance, §200.327 and Appendix II to Part 200.

- **Termination.** Contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including manner it will be effected and basis for settlement.
- **Equal Employment Opportunity clause requirement**¹¹³
- **Davis-Bacon Act Provision Requirement**¹¹⁴. When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include provision for compliance with Davis-Bacon Act. (See Appendix II to Uniform Guidance for details¹¹⁵)
- **Contract Work Hours and Safety Standards Act.** All contracts awarded by non-Federal entity in excess of \$100,000 that involve mechanics or laborers must include provision for compliance with the Act (See Appendix II of Uniform Guidance for further details).
- **Rights to Inventions Made Under a Contract of Agreement.**¹¹⁶
- **Clean Air Act and Federal Water Pollution Control Act.** Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act and the Federal Water pollution Control Act. Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- **CPF Environmental Checklist.** All grantees must perform a proper due diligence in ensuring that project complies with all applicable environmental laws and regulations as mentioned under this CPF environmental checklist listed by Treasury - [CPF Environmental Checklist](#)
- **Debarment and Suspension.** A contract award must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM) (<https://www.sam.gov>).
- **Byrd Anti-Lobbying Amendment.** Contractors that apply or bid for an award exceeding \$100,000 must file the required certification.¹¹⁷
- **Procurement of Recovered Materials.** Non-Federal entities that are state agencies or agencies of a political subdivision of a state and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.¹¹⁸

¹¹³ See 2 CFR 200 (Uniform Guidance) Appendix II for details.

¹¹⁴ Davis-Bacon federal prevailing wage rate requirements do not apply to projects funded solely by the Capital Projects Fund or State and Local Fiscal Recovery fund programs unless funds are used in conjunction with other federal source of funds which does require compliance with Davis-Bacon.

¹¹⁵ Contract Provisions for Non-Federal Entity Contracts Under Federal Awards (Uniform Guidance)

¹¹⁶ See Appendix II of Uniform Guidance for details.

¹¹⁷ See Uniform Guidance, Appendix II for more detail on contents of certification

¹¹⁸ See §200.323 Uniform Guidance for more detail on this requirement.

- **Prohibition on certain Telecommunications and Video Surveillance Services or Equipment**¹¹⁹
- **Domestic Preferences for Procurements.** Non-Federal entity should, to the greatest extent practicable under a Federal award provide preference for US-produced materials/products—these requirements must be included in all subawards and contracts¹²⁰

Procurement Recordkeeping Requirements

The non-Federal entity must maintain records sufficient to detail the history of procurement, including but not limited to:

- Rationale for method of procurement;
- Selection of contract type;
- Contractor selection or rejection; and
- Basis for the contact price

¹¹⁹ See §200.322 Uniform Guidance for more detail on this requirement.

¹²⁰ See §200.322 Uniform Guidance Grant specific information for DO grants.

Appendix C
List of Grant Specific Sub Recipients

Recipients and Subrecipients

Subrecipients receive subawards from the Recipient (the State) to carry out a project. Subrecipients/grantees must comply with statutory/regulatory requirements and terms and conditions of award. Subrecipients must provide TNECD with any and all information requested by TNECD, so that it may report to the Treasury on subrecipient's/grantee's use of grant funds.

Eligible Subrecipients for Digital Opportunity and TCAT grants are as follows:

DSEW Grant: Subrecipients of this grant include

1. Local educational agency (e.g., community college, vocational school)
2. A community-based organization or faith-based organization
3. A volunteer literacy organization; an institution of higher education
4. A public or private nonprofit agency
5. A library
6. A public housing authority
7. A nonprofit institution (that does not fit the above)
8. A small business (1-10 employees)
9. A consortium or coalition of the agencies
10. Organizations, institutions, libraries, or entity described above
11. A partnership between an employer and an entity above
12. Chambers of Commerce
13. Title I eligible schools (considered a "disproportionately impacted" applicant) and responsive services that support the school generally or support the whole school service as eligible.
14. Tennessee Board of Regents (eligible applicant type: local educational agency), but must specify the campuses where programs will take place.
15. Development districts.

CCF Grant: Subrecipients of this grant include.

1. County and local units of government, including, but not limited to, school districts, libraries, local health departments, municipal governments, and community centers.
2. Nonprofits working with counties or local units of governments.

BRC Grant: Subrecipients of this grant include

1. Any county that has a Broadband Ready designation
2. Any county that does not have a Broadband Ready designation
 - a. The county must submit the duly executed Broadband Ready ordinance or policy in the application; a sample of an acceptable ordinance is available on the [TNECD Broadband Communities page](#).
3. A locality/other political subdivision with a Broadband Ready designation located in a county that does not have a Broadband Ready designation:
 - a. The locality may apply for funding on behalf of the county.
 - b. The locality must submit written proof that both the county government and local government agree to such arrangement.

TCAT Grant: Subrecipients of this grant include

Adult educational institutions offering Telecommunications Electronics Technician Diploma, an evidence-based program that will produce the well-trained and diverse telecommunications workforce needed to deploy, manage, and upkeep broadband infrastructure.

Appendix D
List of Grant Specific Eligible and Ineligible Costs

Eligible and Ineligible Costs

While informed by the Federal Uniform Guidance⁶ grantees must follow the TNECD's published list of eligible and ineligible costs. Eligible project activities and costs include,

DSEW Grant:

Eligible costs include:

1. Salaries

- Salaries/wages of students working with employers if the individuals' percentage of time can be tracked
- Employee benefits and payroll taxes

2. Professional fees

- Allowed for contractor providing services.

3. Supplies (less than \$5,000)

4. Capital purchases related to training equipment (equipment \$5,000 or more)

5. Staff Travel

Accommodate expenses for travel by program staff. The travel expenses allowed under this category are:

- Mileage (at the federal rate, which is \$0.655/mile)
- Lodging
- Per diem (including meals)

6. Other non-personnel expenses

- E.g., licenses, permits, registration, etc.
- Devices or hotspots to program participants
- Telehealth devices if the training delivered is hands-on (thermometers, pulse ox, and blood pressure cuffs)
- Lease (TNECD preference for multi-year lease), to deliver classroom trainings.

7. Specific assistance to individuals

8. Administrative expenses

These must be direct administrative assistance costs associated with the program (not indirect). Cannot surpass 6% of the total budget unless a negotiated indirect cost rate agreement is in place.

- Development Districts support may be considered as an administrative cost. If the grantee does not have an indirect cost rate, up to 6% is allowed to be allocated to the administrative cost in the budget.

Expenses for travel by a third party to support grant management. The travel expenses allowed under this category are listed below and must be summarized as a single “Mobilization Cost” line-item:

- a. Mileage (at the federal rate, which is \$0.655/mile)
- b. Lodging
- c. Per diem (including meals)

Ineligible costs include:

1. Incentives for incorporation of broadband across different sectors
 - Subsidies
 - Tax benefits
3. Discounted internet service
4. Promotional items/memorabilia
 - Models
 - Gifts
 - Souvenirs
 - Other costs designed solely to promote the grant-holding agency.
5. Grants and awards
 - Scholarships or vouchers to fund industry-relevant credentialing.
6. Capital purchases
 - Vehicle
 - Land acquisition
7. Entertainment
 - Food
 - Amusement
 - Diversion
 - Social activities
 - Other associated costs
8. Costs that are not reasonable, necessary, or allocable to the grant

9. Contingency costs

10. Expenses incurred prior to the date of the grant award announcement.

CCF Grant:

Eligible costs include:

1. Construction
 - Construction, repair, rehabilitation, installation, and improvement of facilities:
 - Abatement*: Costs associated with the removal or mitigation of hazardous materials from a facility or site.
 - Asbestos Removal*: Expenses related to the safe and proper removal of asbestos-containing materials from a facility or site.
 - Inspection Fees*: Costs associated with inspections necessary for compliance and quality assurance of the renovation project.
 - Internal labor costs associated with eligible project activities.
 - HVAC Systems
2. Architect/engineering fees
 - Designing and constructing the proposed project: engineering, architectural, and project management costs
 - Engineering Fees*: Expenses related to professional engineering services directly associated with the renovation project.
 - Architectural Fees*: Costs incurred for professional architectural services directly related to the renovation project.
3. Grant/Project Administration
 - Administration, including carrying out performance accountability requirements (e.g., compiling monthly expenditure reports, aggregating quarterly performance data, fulfilling a request from TNECD concerning costs or other program-level information, etc.) and activities completed by the awardee's Professional Grant Administrator
 - Planning activities (excludes strategizing and implementation of developed plan)
 - Budgeting and accounting services to track grant and prepare reimbursement requests.
 - Environmental review
 - Federal grant compliance (Davis-Bacon, financial management, procurement, closeout, etc.)

4. Supplies, telephone, postage and shipping, equipment rental and maintenance, and printing

- Office equipment and supplies for skills training.
- Shipping
- Curriculum materials or kits (for instructors and students)
- Student computers, including subsidized or low-cost devices (e.g., computers, tablets) and refurbishing supplies.

If there is a device distribution or device purchase component to the project, the total % of those costs should be limited to 30% of the total project cost.

- Print and digital advertising (e.g., fliers, yard signs)
- Telecommunications equipment (e.g., hotspots)
- Supplies for hands-on learning activities (e.g., ladders)

5. Occupancy

- Ancillary costs necessary to operationalize and put the capital assets to full use
- Examples of ancillary costs include project costs related to project planning and feasibility, broadband installation, and community engagement, broadband adoption, digital literacy, and training associated with a planned or completed Project funded by the Capital Projects Fund program.
- Costs of long-term leases (for 5+ years terms) of facilities required to provide qualifying broadband service, including infeasible right-of-use (IRU) agreements and capital leases.

6. Professional Fees, Grants and Awards

- Professional fees to outside professionals, consultants, agencies, and personal-service contractors, including to design and/or implement grassroots marketing campaigns (i.e. flyers, local Facebook ads) for the Affordable Connectivity Program, and grant and award costs for the project
- Legal and auditing fees
- Data gathering
- Public feedback processes

- Equity assessments and planning
 - Needs assessments.
 - Permitting, planning, architectural design, engineering design, and work related to environmental, historical, and cultural reviews.
 - Organization's awards, grants, subsidies, and other pass-through expenditures to individuals and to other organizations including allocations to affiliated organizations.
7. Capital Purchases.
- Computer labs or classrooms with devices in place (measured by price of rental, # of hours of use, # of seats needed, etc.)
 - Assistive or adaptive technology (e.g., mobility devices, such as walkers, wheelchairs, hardware, software, and peripherals that assist people with disabilities in accessing computers or other information technologies)
 - General-purpose equipment (e.g., motor vehicles enabling transportation, assistance for program participants, printing or reproduction technology)
 - Special-purpose equipment
 - Equipment for hands-on learning activities (e.g., power tools, wiring lab, simulating lab)
8. Project contingency
- Potential cost estimation shortfalls. This cost should be within 15% of the total project budget cost.
9. Other non-personnel
- Permits
 - Required licenses, such as digital subscriptions and software licenses.
 - Sales tax applicable to new equipment purchases and warehousing expenses.
 - Mileage rates charged as part of digital skills training expenses should be charged within \$0.655/mile.

Pre-Award Expenses for CCF: Expenses incurred prior to the signing of a subrecipient agreement may be eligible to be counted towards the 10% match requirement.

For example, if a subrecipient has already incurred expenses related to eligible pre-award costs, such as

\$100,000 for asbestos removal, these costs will count towards the 10% match requirement. If an applicant has a total project budget of \$1,000,000, subsequent invoices submitted by the subrecipient for eligible expenses can be reimbursed at 100% of each invoice provided that they meet the criteria outlined in this policy.

Eligible Pre-Award Expenses for CCF: The following expenses are eligible as pre-award allowable expenses and will be counted towards the 10% match requirement. However, pre-award expenses must have been approved in your contract and will not be eligible to be reimbursed.

1. Abatement: Costs associated with the removal or mitigation of hazardous materials from a facility or site.
2. Engineering Fees: Expenses related to professional engineering services directly associated with the renovation project.
3. Architectural Fees: Costs incurred for professional architectural services directly related to the renovation project.
4. Asbestos Removal: Expenses related to the safe and proper removal of asbestos-containing materials from a facility or site.
5. Inspection Fees: Costs associated with inspections necessary for compliance and quality assurance of the renovation project.
6. Any cost required (within reason) to prep a facility or site for renovation or construction.

All pre-award expenses will not be reimbursed – they will be considered as part of the required 10% match – budgets/reimbursement rates will be adjusted during the contracting period to account for these expenses.

General Guidelines:

1. Orders placed for expenses must have occurred after March 15, 2021, to be considered eligible to be counted towards the match.
1. All purchases must comply with competitive procurement thresholds as outlined in the uniform guidance (2 CFR 200.317-200.327).
2. The subrecipient must maintain detailed records and documentation of all eligible expenses, including invoices, receipts, and proof of compliance with competitive procurement thresholds.
3. A "no supplanting attestation" is required. It involves a commitment from the subrecipient not to use the grant funds to replace or supplant existing funding sources. In other words, it ensures that the grant money is used to complement existing resources rather than substituting for funds that the grantee would have provided from its own budget.

Ineligible costs include:

1. Grant/Project Administration
 - Fundraising activities
2. Supplies, telephone, postage and shipping, equipment rental and maintenance, and printing
 - Promotional items and memorabilia
 - Models, gifts, souvenirs
 - Other costs designed solely to promote the grant-holding agency.
 - Entertainment
 - Food, amusement, diversion, social activities
 - Other associated costs
3. Occupancy
 - Short-term leases – less than 5 years
4. Professional Fees, Grants and Awards
 - Travel costs (associated with program-related functions)
 - Flights/airfare
 - Hotels/lodging
 - Meals
 - Vehicle rentals
 - Fundraising activities
5. Other non-personnel
 - Travel costs (associated with program-related functions)
 - Flights/airfare
 - Hotels/lodging
 - Meals
 - Vehicle rentals
 - Travel-related insurance
 - Discounts or subsidized broadband service.
 - Incentives for incorporation of broadband across different sectors
 - Subsidies
 - Tax benefits

BRC Grant

Eligible expenses include:

1. Supplies, telephone, postage and shipping, equipment rental and maintenance, and printing
Office equipment and supplies for skills training.
 - Shipping
 - Curriculum materials or kits (for instructors and students)
 - Student computers, including subsidized or low-cost devices (e.g., computers, tablets) and refurbishing supplies
 - Print and digital advertising (e.g., fliers, yard signs)
 - Telecommunications equipment (e.g., hotspots)
 - Supplies for hands-on learning activities (e.g., ladders)
2. Capital purchases (\$5000 or more)
 - Computer labs or classrooms with devices in place (measured by price of rental, # of hours of use, # of seats needed, etc.)
 - Assistive or adaptive technology (e.g., mobility devices, such as walkers, wheelchairs, hardware, software, and peripherals that assist people with disabilities in accessing computers or other information technologies)
 - General-purpose equipment (e.g., motor vehicles enabling transportation, assistance for program participants, printing or reproduction technology)
 - Special-purpose equipment
 - Equipment for hands-on learning activities (e.g., power tools, wiring lab, simulating lab)
3. Construction
 - Construction, repair, rehabilitation, installation, and improvement of facilities
 - Internal labor costs associated with eligible project activities.
 - Material for the installation of fiber, such as conduit and boring
 - Contingency that was budgeted must be applied towards construction costs for public Wi-Fi installation.

Note: For construction related expenses, project must justify that there is an existing network at place and the expenses are mainly for wi-fi drops. Grantee can collaborate with an existing ISP. In case of multiple ISP availability, grantee must

leverage the one providing superior speed.

4. Architect/engineering fees
 - Designing and constructing the proposed project: engineering, architectural, and project management costs
5. Professional fees and grant & awards
 - Professional fees to outside professionals, consultants, and personal-service contractors, and grant and award costs for the project, including to design and/or implement grassroots marketing campaigns (i.e. flyers, local Facebook ads) for the Affordable Connectivity Program
 - Legal and auditing fees
 - Data gathering
 - Public feedback processes
 - Equity assessments and planning
 - Needs assessments.
 - Permitting, planning, architectural design, engineering design, and work related to environmental, historical, and cultural reviews.
 - Organization's awards, grants, subsidies, and other pass-through expenditures to individuals and to other organizations including allocations to affiliated organizations.
 - Mileage rates of vehicle rentals associated with eligible project activities (must be charged within \$0.655/mile)
 - Payments to fund digital training certifications for workforce development programs (Cyber-Security Certification)
6. Other non-personnel
 - Permits
 - Required licenses, such as digital subscriptions and software licenses.
 - Sales tax applicable to new equipment purchases and warehousing expenses.
 - Mileage rates of vehicle rentals associated with delivering digital skills training expenses (must be charged within \$0.655/mile)
7. Administrative expenses
 - Administration, including carrying out performance accountability requirements (e.g., compiling monthly expenditure reports, aggregating quarterly performance data, fulfilling a request from TNECD concerning costs or other program-level information,

- etc.) and activities completed by the awardee's Professional Grant Administrator
- Planning activities (excludes strategizing and implementation of developed plan)
- Budgeting and accounting services to track grant and prepare reimbursement requests.
- Environmental review
- Federal grant compliance (Davis-Bacon, financial management, procurement, closeout, etc.)

Ineligible costs include:

1. Supplies, telephone, postage and shipping, equipment rental and maintenance, and printing
Office equipment and supplies for skills training.
 - Promotional items and memorabilia
 - Models, gifts, souvenirs
 - Other costs designed solely to promote the grant-holding agency
 - Entertainment
 - Food, amusement, diversion, social activities
 - Other associated costs
2. Capital purchases
 - Vehicles / vehicle rentals
 - Land acquisition
3. Construction
 - Any costs related to the Middle Mile, Last Mile construction, acquisition, or improvement of middle mile and last mile infrastructure in unserved and underserved areas
4. Professional fees and grant & awards
 - Fundraising activities
 - County employees' salaries are ineligible for funding. However, salaries for personnel within distinct governmental entities are eligible.
(For instance, funding may support a digital navigator's salary at a library that operates independently from county government. Validation during budget review and contracting ensured that such employees are not considered County employees.)

- Salary and benefits cannot be reimbursed, but hourly wages can, and they will need to clearly track hours spent on the project.

5. Other non-personnel

- Travel costs (associated with program-related functions)
 - Flights/airfare
 - Hotels/lodging
 - Meals
 - Vehicle rentals
 - Travel-related insurance
- Discounts or subsidized broadband service.
 - Discounted internet service
- Incentives for incorporation of broadband across different sectors
 - Subsidies
 - Tax benefits

6. Administrative expenses

- Fundraising activities

TCAT

Eligible Costs:

The following categories are the most common for grantees and are allowable costs to the grant. Please note that this list is not comprehensive, and you are welcome to add items and provide a justification.

1. Salary and Wages

Covered personnel include program directors and assistant directors, teachers, support staff, career or success coaches, other agency staff (e.g. executive leaders, HR staff, IT staff, and/or facilities staff), translators, workforce development specialists, accessibility specialists, tutors, etc.

2. Employee Benefits & Payroll Taxes

- Employer-paid portions of FICA
- Employee insurance and retirement plans
- Unemployment and workers' compensation insurance
- Professional development: costs for formal professional development activities, including conference fees, travel expenses, speaker/trainer fees, etc. Costs for staff salaries/wages associated with professional development are *not* considered administrative.

3. Supplies, Telephone, Postage & Shipping, Equipment Rental & Maintenance, Printing & Publications

- Telecommunications-related curriculum materials (e.g. manuals, workstations, etc.) for both instructors and students from a variety of credible and industry-standard companies or institutions (e.g. C-Tech, CompTIA A+, SBCA, ETA, TestOut, OSHA, Southern Education Systems, STS, etc.). This could include a range of certification or specialty paths.
- Certification supplies
- Student and instructor computers, including new, refurbished, subsidized, or low-cost devices (e.g. laptops, tablets, etc.)
- Desktop computers (e.g. business-grade desktops for computer labs)
- Computer supplies and accessories (e.g. individual docks, monitors, etc.)

- Refurbishing supplies
- Hotspots
- Office supplies (e.g. industrial-purpose disposable wipes)
- Special purpose equipment
- Equipment for hands-on learning activities (e.g. FiberOptic Resale products; fiber prep kit; fiber splicer kit and test equipment; Optical time-domain reflectometer (OTDRs); fiber optic stripper hole; fiber OTDR launch cable; optical light & laser sources; optical fiber identifier; Isopropyl alcohol; ladders; power tools; wiring lab; test walls & peripherals; residential networking station; stations for repairing PCs and fault sets, etc.)
- Print and digital advertising (e.g. fliers, yard signs, billboards, websites, radio ads, etc.)

4. Reimbursable Capital Purchases

- Classroom furniture (e.g. desks, chairs, other related accessories)
- Computer labs or classrooms with devices in place (measured by price of rental, # of hours of use, # of seats needed, etc.)
- Other specialized equipment over \$5,000

5. Specific Assistance to Individuals

- Transportation assistance for students (e.g. vouchers for public transportation fares)
- Childcare assistance for students
- Participation stipend
- Exam fees

Ineligible Costs:

The following categories are the most common for grantees and are unallowable costs to the grant. Please note that this list is not comprehensive and that TNECD has the discretion to refrain from funding certain items if their justification is not appropriate.

1. Travel Costs (associated with program-related functions)

- Flights / airfare
- Hotels / lodging
- Meals
- Transportation (vehicle rentals, etc.)
- Related insurance

2. Discounts or Subsidized Broadband Service

- Discounted internet service

3. Incentives for Incorporation of Broadband across Different Sectors

- Subsidies
- Tax Benefits

4. Promotional Items and Memorabilia

- Models
- Gifts
- Souvenirs
- Other costs designed solely to promote the grant-holding agency

5. Entertainment

- Food
- Amusement
- Diversion
- Social activities
- Other associated costs

6. Costs that are not reasonable, necessary, or allocable to the grant.