

Navigating Broadband Funding & Federal Compliance for Telecom Providers

Empowering Telecom Providers to Succeed With Federal Support

Jessica Richter and Emily DeBoer

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Team Biographies



Jessica Richter

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Jessica has more than 25 years of experience providing audit, tax, and consulting services for a variety of nonprofit organizations, institutions of higher education, school districts, public universities, state agencies, municipalities, and telecommunications companies. Jessica's specialties include financial reporting and auditing, financial projections and forecasts, due diligence, cost allocations, revenue assurance, loan applications, Single Audit (Uniform Guidance), and business consulting.

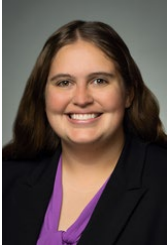
She is a member of the American Institute of CPAs, Iowa Society of CPAs, and ISACA. Jessica is a licensed CPA in Iowa.

Jessica obtained her CPA certificate in 2000 and her Certified Information Technology Professional accreditation in 2008. In 2015, she obtained her Certified Information Systems Auditor certification. In May 2022, Jessica was appointed to the Iowa Accountancy Examining Board and currently serves as the chair.

She currently serves as a board member for Waukee Athletic Club (Waukee Fastpitch) and is a former board member of Dress for Success Des Moines.

Jessica is a graduate of University of Northern Iowa, Cedar Falls, with a B.A. degree in accounting.

Team Biographies



Emily DeBoer

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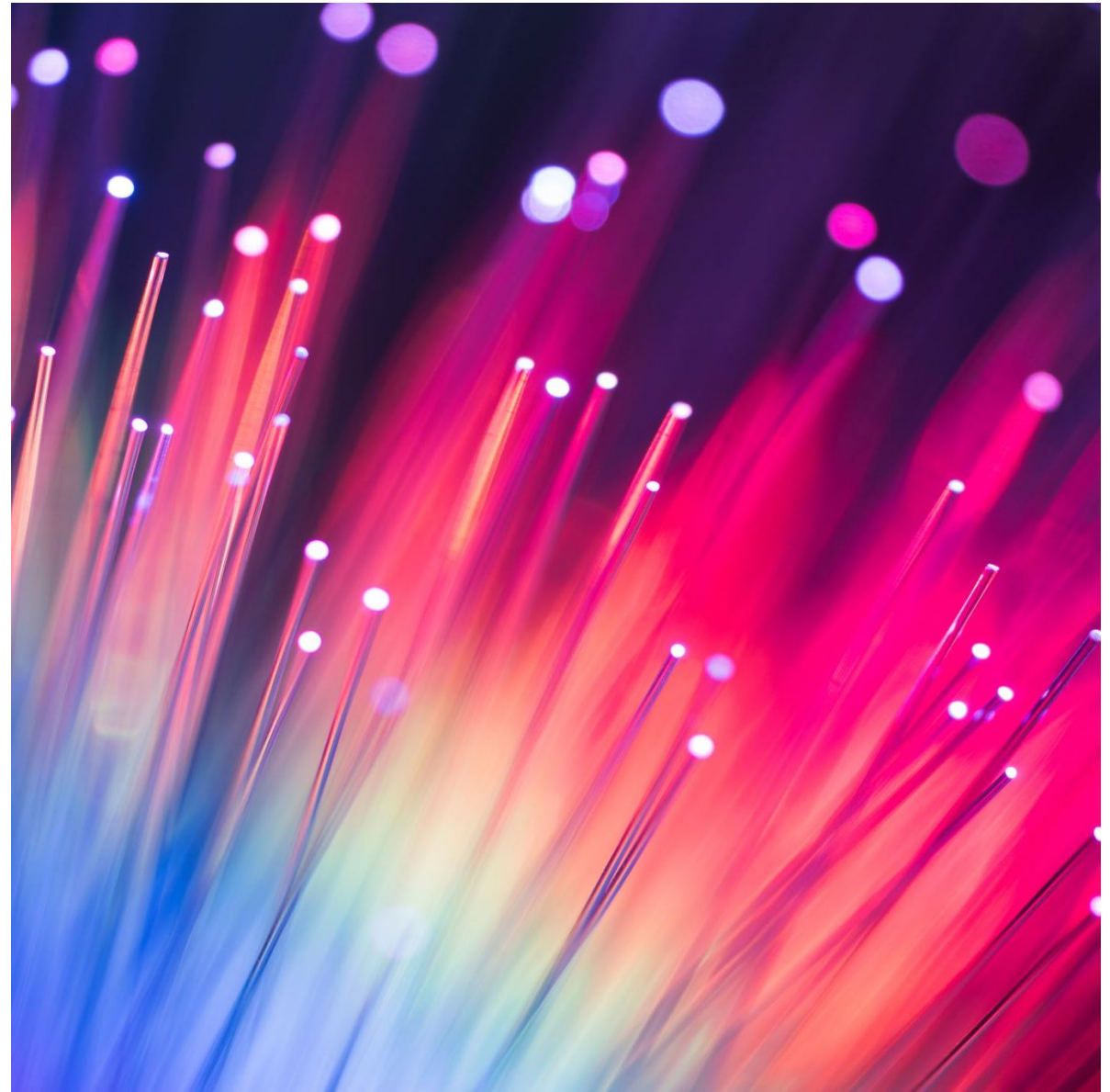
Emily is a member of Forvis Mazars' Des Moines audit team and has served as the audit manager for numerous telecommunications companies, nonprofit organizations, and institutions of higher education in the Midwest. Her specialties include financial reporting, auditing, and Single Audit (Uniform Guidance).

She is a member of the American Institute of CPAs and Iowa Society of CPAs. Emily is a licensed CPA in Iowa.

Emily is a 2018 graduate of Wartburg College, Waverly, Iowa, with B.A. degrees in accounting and business administration with a concentration in finance. She obtained her CPA certificate in 2019.

Agenda

1. Single Audit Overview
2. Compliance Requirements
3. Program Trends
4. Strategies for Readiness
5. Resources
6. Questions



Single Audit Overview



What is a Single Audit?

A Single Audit is an audit of a non-Federal entity's financial statements and of its expenditures of Federal awards. Single Audits are conducted in accordance with Generally Accepted Auditing Standards, Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, and the requirements of the Uniform Guidance



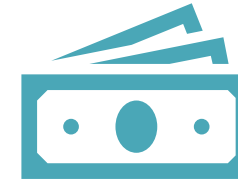
Is my company required to have a Single Audit?

Required for non-federal entities such as state and local governments, nonprofits, and tribal organizations, if threshold is met

- Cooperatives are typically considered to be a nonprofit under these definitions

For-Profit entities are usually exempt, unless required by the terms of their grant agreements

- For-Profit entities may be required to have a program specific audit instead, which is very similar to a Single Audit



What is the threshold?

Threshold is \$1,000,000 of federal expenditures during the year for years beginning on or after October 1, 2024

- Previous threshold was \$750,000

Single Audit Overview

Rules that govern Single Audits

- *Single Audit Act of 1984*, as amended
- [Code of Federal Regulations - 2 CFR, Subtitle A, Chapter II, Part 200](#)
- Generally Accepted Government Auditing Standards (GAGAS)
 - 2018 Yellow Book
- [OMB Compliance Supplement](#)
- Program Specific Audit Guides

Single Audit Overview

Compliance vs. Control Testing

Tests of compliance and controls are required for Single Audits.

Compliance Testing

Testing is determined by the annual Compliance Supplement issued by United States Office of Management and Budget (OMB). Testing varies by federal program.

Some items that may be requested include:

- Invoices
- Grant reports
- Bids/RFPs
- Suspension & Debarment support

Control Testing

Control testing is required for each required compliance area.

Some items that may be requested include:

- Policies
- Support for proper approvals
- Support for review procedures
- Documentation of processes

Compliance Requirements Overview

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions

Compliance Requirements

Overview

Activities Allowed or Unallowed	Ensure federal funds are used only for activities permitted by the award terms and applicable regulations.
Allowable Costs/Cost Principles	Verify that costs charged to federal programs are reasonable, allowable, and comply with cost principles.
Cash Management	Confirm that cash draws from federal funds align with immediate program needs and minimize excess balances.
Eligibility	Validate that individuals, groups, or entities receiving benefits meet program eligibility criteria.
Equipment and Real Property Management	Ensure proper acquisition, use, and disposition of equipment and real property purchased with federal funds.
Matching, Level of Effort, and Earmarking	Check compliance with requirements for matching contributions, maintaining effort levels, and earmarking funds for specific purposes.

Compliance Requirements

Overview

Period of Performance	Verify that costs are incurred within the authorized award period.
Procurement, Suspension and Debarment	Ensure procurement follows federal standards and that contractors are not suspended or debarred.
Program Income	Confirm that income generated from federal programs is properly accounted for and used according to award terms.
Reporting	Validate accuracy and timeliness of required financial and performance reports submitted to federal agencies.
Subrecipient Monitoring	Ensure pass-through entities monitor subrecipients for compliance with federal requirements.
Special Tests and Provisions	Perform program-specific compliance checks as outlined in the Compliance Supplement for unique requirements.

Compliance Requirements

Procurement Methods

Informal Procurement	<p>Micro-Purchases: Transactions below the micro-purchase threshold (currently \$10,000); no competitive quotes required if price is reasonable and documented.</p> <p>Small Purchases: Purchases above micro-purchase but below the Simplified Acquisition Threshold (currently \$350,000); require quotes from an adequate number of qualified sources, less formal than sealed bids</p>
Formal Procurement Methods	<p>Required for procurements over \$350,000</p> <p>Sealed Bids: Used when price is the primary factor and specifications are clear; publicly advertised, bids opened publicly, award to lowest responsive and responsible bidder.</p> <p>Competitive Proposals: Applied when sealed bidding is not suitable; evaluation based on price and other factors; used for professional services like architecture/engineering.</p>
Noncompetitive Procurement	<p>Allowed only under specific circumstances, e.g., public emergency, sole source availability, federal agency authorization, or inadequate competition after solicitation.</p>

Compliance Requirements

Procurement Best Practices

Create a procurement policy that outlines the following:

- Company's determination of micro-purchases and other thresholds
- Company's preferred process for each procurement method, including:
 - Process for requesting bids
 - Quantity of bids required to be received
 - Criteria used to select bids
 - Personnel required to approve bid selections
 - Consideration for conflicts of interest
- Retention policy for all related information, including documentation of approvals and reasons for selected bids

Common pitfalls:

- Insufficient procurement procedures performed
- Lack of formal policy
- Lack of retention of information to support the process was completed
- Little or no consideration for conflicts of interest

Compliance Requirements

Suspension & Debarment

- 1 Create a login for [SAM.gov](https://sam.gov)
- 2 Search for vendors and review for any active exclusions before signing contracts
- 3 Document search, including results and date of search
- 4 Maintain records in accordance with company policies

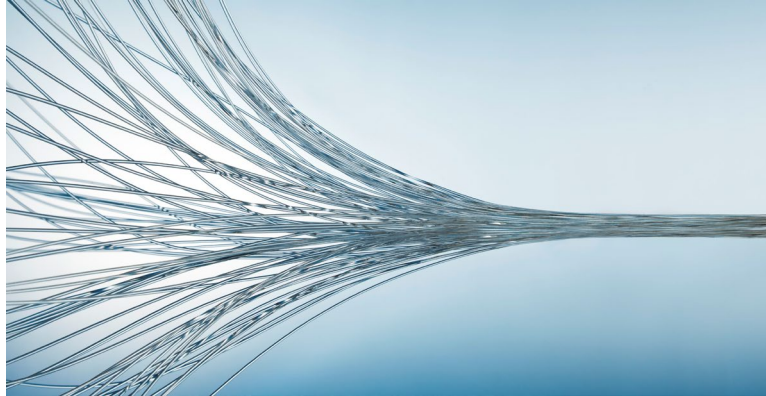
Program Trends



State Grantors

Many states are requiring a program specific audit to ensure proper compliance with subrecipient monitoring requirements, regardless if an entity is typically exempt as a for-profit or commercial type entity

Read your grant agreements closely to ensure you are not overlooking these requirements and consult a professional if you are unsure. It is also recommended to ask your grant oversight manager.



Programs

Forvis Mazars has issued single or program specific audits for the following telecommunications related programs. This may not be a comprehensive list of telecommunications programs requiring single or program specific audits.

- Coronavirus State and Local Fiscals Recovery Funds (ALN 21.027)
- Broadband Infrastructure Program (ALN 11.031)
- Coronavirus Capital Projects Fund (ALN 21.029)



Compliance Requirements

Compliance requirements vary by program and companies should meet all requirements. The below requirements are the most common within telecommunications programs.

- Activities Allowed or Unallowed
- Allowable Costs/Cost Principles
- Cash Management
- Equipment and Real Property Management
- Period of Performance
- Procurement, Suspension and Debarment
- Reporting

Program Trends

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Audit Requirements

- Under the Uniform Guidance, all non-Federal entity subrecipients that **expend** \$1,000,000 or more in Federal award funds, in the aggregate across all subawards, during their fiscal year are subject to the audit requirements in subpart F. Non-Federal entity subrecipients are required to submit Single Audits or program-specific audits to the Federal Audit Clearinghouse, the governmentwide repository for audits of financial assistance programs
- Commercial entity subrecipients are not subject to Subpart F but are subject to the audit requirements as stipulated in the award or sub-award between a Federal awarding agency and a recipient. ⁽¹⁾ And pursuant to 2 CFR 200.501(h), Eligible Entities have an obligation to ensure compliance by commercial entity subrecipients. Under that provision, methods to ensure compliance for Federal awards made to commercial entity subrecipients may include pre-award audits, monitoring during the agreement, and post-award audits.
- (1) Section D.01.c. of DOC ST&Cs **applies to commercial entity subrecipients**. Under that provision, entities that are not subject to Subpart F of 2 CFR Part 200, e.g., commercial entities, that **expend** \$1,000,000 or more in grant funds during their fiscal year must submit to the Grants Officer either: (i) a financial related audit of each DOC award or subaward in accordance with Generally Accepted Government Auditing Standards; or (ii) a program-specific audit for each award or subaward in accordance with the requirements contained in 2 CFR § 200.507

Program Trends

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Audit Requirements

- Single Audit
 - Requires an audit of the financial statements (performed under GAGAS)
 - Requires schedule of expenditures of federal awards (SEFA)
 - Requires an opinion on the financial statements as well as an in-relation to opinion on the SEFA as it relates to the financial statements
 - Requires GAGAS reporting on internal control over financial reporting and compliance and other matters
 - Requires Uniform Guidance report on internal control over compliance and reporting on the major program(s)
- Program-Specific Audit
 - Requires schedule of specific element of the financial statements (similar to the SEFA but only for the specific program)
 - Requires an opinion on the schedule
 - Requires Uniform Guidance report on internal control over compliance and reporting on the major program(s)
- GAGAS Financial Audit
 - Requires schedule of specific element of the financial statements (similar to the SEFA but only for the specific program)
 - Requires an opinion on the schedule
 - Requires GAGAS reporting on internal control over financial reporting and compliance and other matters

Program Trends

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Program Specific Audit Requirements of the Auditee



The auditee must prepare the financial statement(s) for the Federal program that includes a schedule of expenditures of Federal awards (SEFA) for the program and notes that describe the significant accounting policies used in preparing the schedule, a summary schedule of prior audit findings consistent with the requirements of § 200.511(b), and a corrective action plan consistent with the requirements of [§ 200.511\(c\)](#).



Components of the SEFA must include

- List of awards by federal agency and program
- The name of any pass-through entities if applicable and the identifying award number for the pass-through entity
- Total of expenditures (pass-through also, if applicable)
- Period of performance
- Total of award

Program Trends

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Program Specific Audit Requirements of the Auditor

- Perform an audit of the financial statement(s) for the Federal program in accordance with GAGAS;
- Obtain an understanding of internal controls and perform tests of internal controls over the Federal program consistent with the requirements for a major program in accordance with § 200.514(c);
- Determine whether the auditee has complied with Federal statutes, regulations, and the terms and conditions of Federal awards that could have a direct and material effect on the Federal program consistent with the requirements for a major program under § 200.514(d);
- Follow up on prior audit findings and perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee in accordance with the requirements of § 200.511. When the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding, the auditor must report this condition as a current-year audit finding; and
- Report any audit findings consistent with the requirements of § 200.516.

Program Trends

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Program Specific Audit Report Requirements



An opinion (or disclaimer of opinion) as to whether the financial statement(s) of the Federal program is presented fairly in all material respects in accordance with the stated accounting policies;



A report on internal control related to the Federal program, which must describe the scope of testing of internal control and the results of the tests;



A report on compliance that includes an opinion (or disclaimer of opinion) as to whether the auditee complied with laws, regulations, and the terms and conditions of Federal awards which could have a direct and material effect on the Federal program; and



A schedule of findings and questioned costs for the Federal program that includes a summary of the auditor's results relative to the Federal program in a format consistent with § 200.515(d)(1) and findings and questioned costs consistent with the requirements of § 200.515(d)(3).

Program Trends

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Compliance Requirements

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	Y	Y	N	Y	N	Y	Y	N

Compliance Requirements

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Activities Allowed or Unallowed	Ensure federal funds are used only for activities permitted by the award terms and applicable regulations.	
Allowable Costs/Cost Principles	Verify that costs charged to federal programs are reasonable, allowable, and comply with cost principles.	
	Initial planning funds Initial proposal preparation Broadband deployment projects	Non-deployment uses Matching funds may NOT be used for ineligible costs
Matching, Level of Effort, and Earmarking	Check compliance with requirements for matching contributions, maintaining effort levels, and earmarking funds for specific purposes.	

Compliance Requirements

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Equipment and Real Property management	<p>Ensure proper acquisition, use, and disposition of equipment and real property purchased with federal funds.</p> <p>NTIA may require the non-federal entity 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 and that use and disposition conditions apply to the property. Awards issued pursuant to this Notice of Funding Opportunity (NOFO) may contain specific award conditions pertaining to the use and disposition of grant-acquired property and to a requirement that the recipient or subgrantee file certain public notices, e.g., UCC-1, Covenant of Purpose, Use and Ownership, etc., with respect to grant-acquired property. NTIA will provide information regarding the useful life schedules associated with assets acquired with grant funds.</p> <p>Depreciation of real property, equipment, and intangible property shall be in accordance with 2 CFR § 200.436.</p> <p>Adequate property records must support depreciation charges and physical inventories must be taken at least once every two years to ensure that assets exist and are usable, used and needed.</p> <p>Recipient or subrecipient must maintain adequate depreciation records showing the amount of depreciation.</p>
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Compliance Requirements

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Matching, Level of Effort, and Earmarking	Check compliance with requirements for matching contributions, maintaining effort levels, and earmarking funds for specific purposes.
Matching specific	Typically, at least a 25% match requirement and may not include funds from other Federal programs, e.g., USF
Earmarking specific	An Eligible Entity may not use more than two percent (2% Cap) of the grant amounts received under the BEAD Program for expenses relating (directly or indirectly) to administration of the grant under Section 60102(d)(2)(B) of the Infrastructure Act.

Compliance Requirements

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Procurement, Suspension and Debarment	Ensure procurement follows federal standards and that contractors are not suspended or debarred.
Procurement specific	Build America, Buy America Act waiver in place for BEAD for awards obligated on or after February 22, 2024 through February 22, 2029 for certain components. It is not a blanket waiver for all items.

Compliance Requirements

ALN 11.035 Broadband Equity, Access and Deployment Program (BEAD)

Reporting	Validate accuracy and timeliness of required financial and performance reports submitted to federal agencies.
Financial Reports	SF-425, Federal Financial Report – due semi-annually on March 31 and Sept 30 each year; final report due within 120 days after end of project period
Performance Reports	BEAD Initial Report – due 90 days after award date listed on CD-450
Special Reports	BEAD Semi-Annual Report (Technical) Report – due semi-annually on April 30 and October 30
Subrecipient Monitoring	Ensure pass-through entities monitor subrecipients for compliance with federal requirements

Strategies for Readiness

- DOCUMENTATION!!
 - If it isn't documented, it didn't happen.
- Read grant agreement(s) thoroughly to ensure understanding of all requirements
 - Discuss requirements with the grantor if anything is unclear
- Evaluate internal control processes for proper segregation of duties
- Review and update policies to ensure they comply with federal guidelines
 - For example, you may have procurement policies in place that aren't compliant with the federal award thresholds outlined in the Uniform Guidance.
 - If you don't have any written policies, get them created
 - Every applicable compliance requirement needs some sort of control in place to ensure compliance

Strategies for Readiness

- Communicate with the grantor about the type of audit required, audit period, and due dates
- Develop document retention processes for retaining grant related documentation, including support for:
 - Grant expenditures
 - Submitted reports
 - Procurement, suspension and debarment procedures
 - All approvals and reviews conducted
 - Correspondence with the grantor

Resources



Federal Award Requirements – [eCFR :: 2 CFR Part 200 Subpart D -- Post Federal Award Requirements](#)



Annual Compliance Supplements – [Compliance supplements](#)



Suspension & Debarment – [Home | SAM.gov](#)



Forvis Mazars Telecommunications Resources – [Telecommunications | Forvis Mazars](#)

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