

TOP 10 COMMON MONITORING FINDINGS



Avoid monitoring findings by coordinating with your National Telecommunications and Information Administration (NTIA) Federal Program Officer (FPO).



SUPPLEMENTING & SUPPLANTING

SUPPLEMENTING

Occurs when Federal funds are used to enhance existing state or local funds for program activities.



SUPPLANTING

Occurs when a state or a unit of local government reduces or replaces state or local funds for an activity because they will use Federal funds to fund the activity instead.



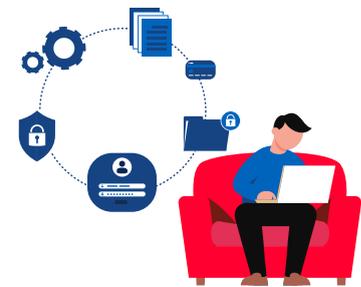
SIMPLY PUT...

Supplement means to build upon.
Supplant means to replace.



IMPORTANT INFORMATION TO KNOW

Federal funds may be used to supplement existing state, local, or tribal funds and not supplant (replace) them.



STRATEGIES FOR AVOIDING SUPPLANTING

- ✓ Ensure that all staff understand the difference between supplementing and supplanting.
- ✓ Separately store files for each grant, with individual accounting tracking systems or spreadsheets.
- ✓ Ensure that budget categories are set up for each grant award.
- ✓ Ensure that all expenses and reimbursements are consistently tracked for accuracy.
- ✓ Always have supporting documentation such as budget sheets, meeting minutes, or any other official documents addressing the reduction in non-Federal resources.

PREVENTING WASTE, FRAUD, ABUSE, AND MISMANAGEMENT

WASTE

Squandering grant funds or resources through excessive or non-essential spending.



Example: Buying overpriced or unnecessary equipment

Example: Inflating hours billed to the project



FRAUD

Attempting to obtain something of value through willful misrepresentation.

ABUSE

Misusing one's position or grant funds intentionally or unacceptably.



Example: Writing specifications to favor a specific contractor

Example: Renewing the license for a software that is no longer needed



MISMANAGEMENT

Failing to appropriately manage grant funds.

ALLEGATIONS OF WASTE, FRAUD, ABUSE, OR MISMANAGEMENT CAN RESULT IN OFFICE OF INSPECTOR GENERAL (OIG) AUDITS OR INVESTIGATIONS.



TIPS FOR MITIGATION

- ✓ Develop and implement fair, transparent, and effective processes, including a system of accounting, procurement policies, internal controls, records control, and records retention.
- ✓ Examine existing processes and internal controls to identify areas vulnerable to fraud.
- ✓ Host regular trainings to educate staff on risks.
- ✓ Implement an internal compliance and ethics program that encourages the recognition and reporting of waste, fraud, abuse, and mismanagement.
- ✓ Check that all financial and performance reports are supported with the required documentation.
- ✓ Conduct monthly bank reconciliations to identify errors or irregularities.



Allegations of waste, fraud, abuse, and mismanagement may be made anonymously through the OIG Hotline at 1-800-424-5197.





Allowable & Unallowable Costs



- ★ Recipients need to know what they can and cannot use grant funds for in order to maximize impact and minimize risk.
- ★ **Allowable costs** are reasonable, allocable costs that may be paid for by the Federal grant. They must be allowable as defined by the terms of the award and 2 CFR § 200.
- ★ **Unallowable costs** cannot be paid for by the grant. They include excessive or unreasonable costs and those expressly unallowable by the terms of the award and 2 CFR § 200.



MAY BE ALLOWABLE



UNALLOWABLE

Personnel Costs

Salaries, wages, & fringe for personnel working directly on the grant



Travel Expenses

For key project staff & consultants



Equipment & Devices

Directly related to project activity



Sub-Awards

As well as third-party contractor costs



Training and Outreach

For purposes necessary to meet the requirements of the award



Pre-Award Costs*

Pursuant to 2 CFR § 200.458
**Requires written approval from NTIA*



Other Allowable Costs

Refer to the Notice of Funding Opportunity (NOFO)



Personnel Costs

For non-project staff



Supplanting

Replacing or reducing state or local funds allocated for an activity with Federal funds



Duplicative/Redundant Costs

Example: Last mile deployment to the same building



Collective Bargaining

To directly or indirectly support or oppose



Profits & Fees

Or other incremental charge above actual cost



Website Upgrades

or other accessibility projects that are otherwise required by law



Repaying Loans

Or as collateral for new loans



Contact your assigned Federal Program Officer (FPO) if you are unsure if a cost is allowable.



WHAT IS PROCUREMENT?

Procurement is the process of obtaining goods and services for your organization. As part of procurement, recipients select vendors and establish the payment terms.

– METHODS OF PROCUREMENT –

MICRO-PURCHASES

The acquisition of supplies or services where the aggregate dollar amount of which does not exceed the Micro-Purchase Threshold, currently set at \$10,000.*

- To the extent practical, purchases must be distributed equitably among qualified suppliers with reasonable prices.
- Purchases can be awarded without competition if the price is reasonable.

SMALL PURCHASES

Relatively simple and informal procurement method for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold, currently set at \$250,000.*

- Bids must be obtained from an adequate number of qualified sources.

COMPETITIVE SEALED BIDDING

Bids are publicly solicited and a firm-fixed-price contract is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

COMPETITIVE PROPOSAL (NEGOTIATED PROCUREMENT)

Normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded.

- Generally used when conditions are not appropriate for the use of sealed bids.

PROCUREMENT BY NONCOMPETITIVE PROPOSALS

Procurement through the solicitation of a proposal from only one source. This method may be used only under specified circumstances:

- Single source
- Emergency or exigent circumstances
- Federal agency authorizes non-competitive procurement
- Competitive procurement did not yield an adequate number of vendors



**The current micro-purchase and small purchase thresholds were set on 8/31/20 by FAR-2018-0011 and are subject to change.*





TIPS FOR SUCCESSFUL PROCUREMENT



- ✔ Maintain written standards of conduct covering conflicts of interest and governing the performance of employees engaged in the selection, award, and administration of contracts.
- ✔ Establish and maintain written procurement policies and procedures that reflect applicable State, tribal, or local laws and regulations, as well as conform to applicable Federal law.
- ✔ Make reasonable requirements for your competitive purchases. For example, do not require excessive experience or bonding.
- ✔ Pay attention to real or apparent entity conflicts of interest, such as buying goods from a family member.
- ✔ Compare price, quality, and/or performance of “brand” name items with equivalent items.
- ✔ Learn about (and practice) checking the contractor debarment list on SAM.gov.
- ✔ Compare lease to purchase costs for equipment; sometimes leasing is more economical.
- ✔ When selecting a contractor, consider contractor integrity, compliance with public policy, record of past performance, financial and technical resources, responsive bid, and exclusion record.
- ✔ Retain sufficient records detailing every procurement transaction related to the project.
- ✔ Use the Dynamic Small Business Search tool to view databases for minority businesses, women-owned businesses, and small businesses. Document these searches to demonstrate compliance with 2 CFR Part 200.321 (Contracting with Small and Minority Businesses, Women’s Business Enterprises, and Labor Surplus Area Firms).
- ✔ A State must follow the same policies and procedures it uses for procurements from its non-Federal funds and adhere to applicable Federal standards. If there is a conflict, follow the most strict requirement.



Refer to 2 CFR Part 200.317-326 (General procurement standards) for the Federal requirements for procurement.

