



Broadband, Equity, Access, and Deployment Program (BEAD) Compliance and Monitoring Guidelines

Arizona Commerce Authority (ACA)

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¹ The BEAD program generally uses the terms “subgrantee” and “subgrant” because these are the terms used in the relevant Infrastructure Act provisions. Many of the applicable regulations governing federal financial assistance generally use the term “subrecipient” to refer to what the Infrastructure Act calls “subgrantees” and the term “subaward” to refer to what the IIJA calls “subgrants.” See generally 2 CFR Part 200. As used herein, the terms “subrecipient” and “subaward” are meant to have the same meaning, respectively, as the terms “subgrantee” and “subgrant” for purposes of those regulations and other governing terms or authorities.

1. Compliance and Monitoring Overview

In accordance with the regulations set forth by Title 2 Code of Federal Regulations (CFR) Part 2 C.F.R. 200, the ACA as the pass-through entity (recipient) under the BEAD federal grant will perform monitoring procedures of subrecipients for the BEAD program. These BEAD programmatic requirements specific to compliance and monitoring therefore also apply to subrecipients responsible for delivering BEAD related activities by regulation.

To comply with BEAD requirements and 2 CFR 200, subrecipients are required to adhere to all BEAD, NTIA, and ACA regulations as well as all subgrant agreement requirements executed with ACA. Specific to monitoring, as described in the BEAD NOFO and Restructuring Policy Notice, recipients are required to monitor subrecipient compliance to the BEAD program. Therefore, subrecipients must cooperate with the ACA and ensure the availability of relevant BEAD-funded project stakeholders during the ACA's monitoring of projects. This includes responding timely to any inquiries, such as requests for information and documentation.

Monitoring will include desktop reviews and site visits, in addition to technical assistance, corrective action measures/plans, and other compliance checks as mandated by the NTIA and ACA. Each BEAD-funded project will receive at a minimum one (1) desk review and one (1) site visit, but the ACA reserves the right to conduct as many desk reviews and site visits as deemed necessary for each project over the life of the BEAD program.

BEAD program monitoring will begin once subrecipients are awarded grant funding through an executed subgrant agreement with the ACA. To appropriately monitor BEAD funds, the ACA has established a BEAD program monitoring process that will be directed by a monitoring plan, which:

- Utilizes a risk-based approach to inform monitoring procedures, including developing standardized risk assessment criteria.
- Clearly defines specific monitoring activities and their frequencies as part of the overall monitoring process.
- Enables the ACA to assess if subrecipients are adhering to grant terms, federal regulations, and state-specific policies and procedures.

The following sections of this guide further detail this monitoring process for subrecipients awards and provide information the subrecipients must follow to effectively deliver upon the ACA's BEAD program monitoring requirements. Please note that this ACA guidance does not amend or replace the terms of any ACA subgrant agreement.

2. Subrecipient Monitoring

The goal of subrecipient monitoring is to review the subrecipient's activities to ensure that:

- BEAD grant funds are used for authorized purposes
- The subrecipient adheres to federal, state, and local laws, regulations, and the terms of any subgrant agreements
- Project performance objectives are met

To carry out the monitoring of the ACA's BEAD program, the ACA has, and will continue to, implement the following key activities:

- **Develop guidance and training for subrecipients:** Create guidelines on program administration, detail subrecipient requirements and reporting obligations throughout the project lifecycle, provide onboarding training, and provide guidance documents (e.g., through this Compliance and Monitoring guide) to inform and track subrecipient performance and compliance.
- **Technical assistance:** Provide technical assistance to subrecipients on federal and state grant compliance, network feasibility, and financial feasibility (e.g., through subrecipient facing webinars).
- **Risk assessments:** Provide a subrecipient risk assessment process that includes:
 - Financial solvency reviews
 - Project financial reviews
 - Standardized risk assessments (2 CFR 200.332)
- **Monthly Subrecipient Status Reports:** Review monthly reports completed and submitted by each subrecipient. Reports are intended to regularly assess the financial and physical progress of each project throughout its project lifecycle.
- **Desktop Reviews:** Request project level-documentation to review whether it is maintained in alignment with NTIA guidance and grant agreements. Procedures may include, but are not limited to, interviews with key project personnel, assessing subrecipient financial related information and documentation, review of project plans, and/or a review of relevant grants management policies, procedures, and internal controls.
- **Site visits:** Perform site visits where BEAD projects are constructed to assess physical project progress and to physically confirm that information submitted virtually and throughout the life of the BEAD program, such as payment reimbursement requests, monthly status reports, and semiannual reports, is accurate. Subrecipients/subgrantees must guarantee access to sites as appropriate.
- **Payment Reimbursement Request Review:** Timely payment reimbursement requests must be submitted to the ACA within thirty (30) calendar days of reaching a milestone, as outlined in the ACA's BEAD Payment Reimbursement Guidelines.

Detailed descriptions of the three aspects of risk assessments can be found in Section 4: Risk Assessment. Further information on desktop reviews and site visits can be found in Section 5: Subrecipient Monitoring Procedures.

The ACA may implement additional compliance and monitoring guidance, subject to change based on NTIA's further instructions, and at ACA's discretion.

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3. Risk Assessment

The ACA will perform an initial risk assessment of subrecipients in the BEAD program, anticipated within ninety (90) calendar days of execution of a subgrant agreement. This process will develop a baseline assessment of the inherent and specific risks associated with each subrecipient and their respective BEAD projects. The risk assessment process may include reviewing information provided as part of project applications, data and information collected through questionnaires, invoicing, progress reports, financial reports, and other information requested by the ACA. Additionally, the ACA may evaluate criteria including, but not limited to, subrecipient program/project activities, subgrant management capabilities and processes, organizational and operational capabilities and experience of project management team members, planned procurement and contracting approaches for execution of the work, as well as other program matters.

3.1 Subrecipient Risk Assessments

The following describes the ACA planned risk assessments:

- **Financial solvency review** – All subrecipients will be required to provide audited financial statements and accompanying financial information periodically (e.g., annually when new audited financial statements are provided). ACA will review the information provided and establish the level of financial risk for each subrecipient.
- **Project financial review** – ACA will conduct periodic financial assessments of the subrecipient's project to maintain an understanding of project management, review project progress, and validate the project finances and the status of non-expended funds. An initial financial review will take place before any initial disbursement of BEAD funding to the subrecipient, in addition to potential assessments on an annual basis.
- **Standardized risk assessments (2 CFR 200.332)** – A risk-based monitoring assessment, such as through a standardized questionnaire populated by subrecipients and evaluated by ACA, will be used to inform the frequency and scope of subrecipient monitoring. Questions will include both compliance and performance-based questions, including but not limited to topics such as: grant management capabilities of the subrecipient, project complexity, technical aspects, and environmental and permitting considerations. Subrecipients will be categorized as low, medium, and high risk, using standard, objective risk scoring criteria developed by the ACA. The categorization shall be maintained by ACA as strictly confidential, to avoid public disclosure during performance on a grant project. These risk levels will determine the monitoring strategy for each subrecipient and will be adjusted accordingly.

Financial solvency reviews were already conducted on BEAD subrecipients as a part of the BEAD prequalification process. However, the ACA reserves the right to conduct updated versions of these reviews throughout the life of the BEAD program. If the ACA conducts additional rounds of reviews, it will reach out to BEAD subrecipients via email and/or the Ready.net platform with specific submission deadlines and submission requirements.

For the standardized risk assessment, each subrecipient will receive a risk assessment questionnaire via email and/or the Ready.net platform from the ACA. The risk assessment questionnaire consists of yes/no, multiple choice, and narrative based questions that each subrecipient must respond to accurately to the best of their knowledge. **Upon receipt of the risk assessment questionnaire, each subrecipient must complete and return to the ACA through the means which it was received (i.e., via email /or the Ready.net platform) within ten (10) business days. The questionnaire will be verified by an officer or director of the subrecipient who signs under penalty of perjury, who has actual authority to speak for the subrecipient and can bind the subrecipient contractually, and who has personal knowledge of the information contained therein.**

Once each risk assessment questionnaire is submitted to the ACA, using a ranking scale, the ACA will rank subrecipients as high, medium, or low risk. The results are then used to inform the potential level of monitoring conducted by the ACA. The results of the risk assessment are not an audit finding, but will assist in ensuring BEAD program compliance for each subrecipient.

4. Subrecipient Monitoring Procedures

Below is a summary of ACA's approach to subrecipient monitoring. This approach is subject to change at ACA's discretion based on any updated guidance or direction from NTIA.

4.1 Monitoring Kick-off

After the risk assessment process is complete, subrecipients are selected for monitoring prioritization, and a monitoring schedule is established by the ACA. The ACA will notify subrecipients selected for monitoring via email and/or the Ready.net platform. Whether receiving a desktop review or a site visit, the notification will outline the subrecipient responsibilities participating in the monitoring process, including key dates and deadlines. The ACA will schedule a kick-off call with the subrecipient to take place within approximately fifteen (15) business days of receipt of the notification.

More specific information regarding desk reviews and site visits can be found in sections 5.1 and 5.2 of this guide. Section 6 also provides additional guidance detailing the different types of information and documentation subrecipients should maintain to prepare for monitoring.

4.2 Desk Reviews

The initial notification to a BEAD subrecipient for an upcoming desk review will include a request detailing a list of documents the subrecipient should submit to the ACA within ten (10) business days of receipt. All documents requested shall be submitted to the ACA through the means specified within the desk review notification. During the desk review kick-off call with the subrecipient, the ACA may ask clarifying questions regarding the documentation submitted by the subrecipient, and conduct necessary follow-ups after the kick-off call to gather additional documentation and information.

Following the kick-off call, a desk review will be conducted to evaluate compliance with BEAD and subgrant agreement requirements. ACA will review the requirements under 2 CFR 200 to identify any compliance concerns, along with other applicable regulatory requirements. This review includes, but is not limited to, procedures such as verifying that the subrecipient is aware of audit requirements (2 CFR 200.332(f)), appropriate project level documentation and permits are maintained, and assessing if procurement requirements were adequately followed. Testing may also be conducted to help ensure that project expenditures adhere to the relevant regulatory requirements.

Upon completion of desk review, a monitoring report will be issued to the subrecipient, detailing any observations, findings, recommendations, and necessary corrective actions.

All desk review information will be communicated to subrecipients via email and/or the Ready.net platform.

4.3 Site Visits

One of the key monitoring activities carried out by ACA is conducting site visits. These visits are essential to physically verify that the broadband infrastructure deployment project is on track,

milestones are being achieved, and subrecipients are complying with project-specific requirements.

Similar to desktop reviews, when a subrecipient receives a notification from the ACA for a site visit, it will include additional information that the subrecipient must submit to the ACA within ten (10) business days.

The ACA will schedule a call to meet with subrecipient within fifteen (15) business days of notification, to discuss upcoming logistics for the site visits such as timing, location, and expectation. Example information includes:

- Construction location
- A contact name, number, and email for the subrecipient to facilities site visit logistics
- Nearest subrecipient office location
- A summary of financial status (budget versus reimbursements to-date)
- Primary work type (aerial/underground, middle-mile/last-mile)
- Grant territory map and overview idea of grant infrastructure that is in place currently and/or planned to be in place
- Construction metrics (miles installed, addresses passed, total cost, etc.)

Following site visits, in some cases subrecipients may receive a site visit report identifying necessary corrective actions, which will be reviewed with the subrecipient to obtain additional information to address the observed deficiencies. A final site visit report will then be issued to the subrecipient, detailing any observations, findings, and recommendations.

All site visit information will be communicated to subrecipients via email and/or the Ready.net platform.

4.4 Follow-up Activities

ACA will conduct follow-up activities to verify that subrecipient implement the appropriate corrective actions to ensure the broadband project is progressing as planned and remains compliant with project-specific requirements. The timing of follow-ups will vary based on the number and complexity of any issue(s) identified.

5. Preparation for Monitoring Activities

To promote an efficient and effective monitoring process, subrecipients shall prioritize maintaining a sufficient level of documentation to substantiate program activities, expenditures, and compliance with relevant regulations throughout the program timeframe. This section includes essential areas of compliance to be considered as subrecipients plan for and retain documentation for their BEAD funded project. This section is not all encompassing, and subrecipients should review all relevant regulations to determine additional areas of compliance that may be relevant to their project.

Subrecipients shall maintain documentation in an organized and consistent manner. Throughout the monitoring process, subrecipients shall utilize clear file mapping and a consistent file naming convention. File names should clearly indicate file content. Subrecipients should review retained documentation on a regular basis.

5.1 Fixed Cost Subaward

BEAD funding is disbursed to subrecipients utilizing a fixed cost subaward structure. A fixed amount subaward is a type of subgrant agreement where payments are based on meeting specific milestone requirements of the federal award, rather than actual costs incurred. Subrecipients will receive partial payments based on a pre-determined percentage of their total grant award at the completion of set milestones. An overview of the milestones can be found in the subgrant agreement.

While not required for payment requests under some fixed cost subawards, subrecipients shall maintain detailed budget and expenditure documentation throughout the project timeframe. This documentation serves as evidence of program costs, and may include:

- **Project Budget Documentation** – Retaining budget documentation helps to substantiate that project funds are used appropriately and in line with the subgrant agreement. Effective and transparent tracking of costs and budgeted expenditures is valuable for evaluating project efficiency and comparing actual outcomes to planned activities. In the instance that projects face financial or schedule challenges, having updated budget documentation readily available will be useful to determine potential causes. Project budget documentation should be updated on a regular cadence, such as monthly.
- **Tracking Individual Project Costs** – Subrecipients may be managing multiple broadband projects. This may include managing multiple federally funded broadband projects, projects in multiple jurisdictions, and/or multiple BEAD projects with the ACA in which each has a unique subgrant agreement. When managing multiple federal broadband grants, it is crucial for subrecipients to accurately track and manage the expenditures specific to each subgrant award. This responsibility promotes compliance with federal funding requirements and prevents the duplication of benefits, thus preserving the integrity of each individual project. To maintain clear and accurate financial records, subrecipients should establish separate accounts or financial ledgers for each grant, or align funding with specific project codes. This measure helps track all unique project-related costs and ensure that costs such as materials, labor, equipment, and administrative expenses are accurately billed to and reimbursed by the appropriate subgrant.

- **Documentation to Substantiate Expenditures** – Supporting documentation shall be retained to substantiate all project expenditures. Retaining such documentation is essential for effective management of project financials. Retaining evidence of expenditures allows project teams to track progress, evaluate alignment of costs with milestone completion, and demonstrate proper fund management. Documentation includes, but is not limited to:
 - Invoices
 - Receipts
 - Purchase Orders
 - Subcontracts and other contractual agreements
 - Bank Statements
 - Cancelled Checks
 - Payment Confirmation Details
 - Equipment Purchase Documentation
 - Bills or Service Agreements
 - Change Orders
- **Documentation to Substantiate Labor Costs** – Documentation of all labor costs funded through the BEAD program should be maintained by the subrecipient. This includes payroll records or timecards showing labor hours worked by employees or contractors on the grant funded project. Salary rates, job titles, and work performed should be evident. Please note, under the BEAD NOFO and ACA subgrant agreement, profits, fees, or other incremental charges above the actual cost incurred by a subgrantee (including bonuses), are not an allowable costs and not eligible expenditures for reimbursement.
- **Tracking of Match Funds** – Subrecipients should maintain documentation that evidences the expenditure of matching funds in alignment with the subgrant agreement and the BEAD NOFO section "L. Cost Sharing and Matching" and "Section III.B". Under the BEAD NOFO, matching funds on the ACA BEAD funded project must constitute no less than 25% of the total, and do not come from any other federal programs, except for purposes identified by the NTIA and/or the ACA including, but not limited to:
 - Projects in designated "high-cost areas," as defined in Section 60102(a)(2)(G) other cases in which NTIA has waived the matching requirement pursuant to Section 60102(h)(3)(A)(ii) of the BEAD NOFO.
 - Funds that were provided to an Eligible Entity or a subgrantee for the purpose of deploying broadband service under the Families First Coronavirus Response Act (Public Law 116-127; 134 Stat. 178); the CARES Act (Public Law 116-136; 134 Stat. 281), the Consolidated Appropriations Act, 2021 (Public Law 116-260; 134 Stat. 1182); or the American Rescue Plan Act of 2021 (Public Law 117-2; 135 Stat. 4).

5.2 Build America and Buy America Act (BABA)

All funds allocated for broadband infrastructure under the BEAD program must adhere to the BABA regulations under Section VII,D,6 of the [BEAD NOFO](#). Subrecipients should maintain detailed plans outlining their approach to remaining compliant with BABA requirements.

This requires that subrecipients must submit a statement certifying that:

- They will adhere to the definitions outlined in Section 70912 of the Build America, Buy America Act when determining whether a product qualifies as produced in the United States.
- All iron, steel, manufactured products (including, but not limited to, fiber-optic communication facilities), and construction materials used in the project or eligible activities will be produced in the United States, unless a waiver is granted.
- They will not use BEAD funding to purchase or support covered communications equipment or services, as defined in Section 9 of the Secure and Trusted Communications Networks Act of 2019 (47 U.S.C. § 1608).
- They will comply with the IIJA which explicitly prohibits subrecipients from using BEAD funding to purchase or support fiber-optic cable and optical transmission equipment manufactured in the People's Republic of China unless a waiver is granted by the NTIA Assistant Secretary.

NTIA's framework for BABA self-certification and compliance can further be broken down into two main components:

1. **Self-Certification:** Manufacturers, at the risk of federal penalty, can choose to certify that certain equipment they produce meets the domestic manufacturing requirements described in the limited five-year general applicability BEAD BABA nonavailability waiver.

The Department of Commerce will host a BEAD BABA Self-Certification page listing manufacturers that have completed the certification process. This website will include a listing of manufacturer's individual products that have been self-certified to be compliant with BABA. Instructions for how to add your company's BABA-compliant equipment to the list can be found under the "Approved Waiver" section on the DOC BABA page.

- a. Manufacturers are not required to self-certify. The Self-Certification list is a voluntary mechanism to limit fraudulent claims of BABA compliance.
- b. NTIA will release the first version of the Self-Certification list. This list will be updated on a regular basis.
- c. Manufacturers of equipment that requires domestic production will be able to complete and sign a form – at the risk of penalty – that certifies their equipment meets the domestic manufacturing requirements outlined in the BABA waiver.
- d. The key elements of the self-certification list are:
 - (1) Manufacturer name;
 - (2) URL to company-hosted page that lists American-made equipment that meets BEAD BABA waiver requirements;
 - (3) Signature of a company officer.

2. Compliance:

- a. Manufacturer's BABA certification letter: Manufacturers are required to provide a BABA certification letter to a subrecipient for equipment that requires domestic production in the BEAD BABA waiver.
 - (1) Subrecipients are required to maintain this certification letter in the event of an audit. More information about the manufacturer certification letter can be found at the BBUSA BABA Compliance and Self Certification page.
 - (2) The key elements of the manufacturer certification letter are:
 - (a) BABA domestic manufacturing requirement reference;
 - (b) Equipment information
 - 1. Product Name Page | 9
 - 2. Product Description (e.g., what it is or what it does)
 - 3. Quantity
 - (c) Location of manufacturing;
 - (d) Signature of an authorized company representative
- b. Waiver Reporting: Subrecipients will be required to report certain information on finished waived electronics used in BEAD deployments. This information will be used to better understand the electronics used in domestic broadband deployments, including the specific types of equipment, their ubiquity, and their country of origin.
- c. Information on the specific reporting requirements that NTIA will require subrecipients to track for finished waived electronics can be found at the BBUSA BABA Compliance and Self Certification page.

In addition to the documentation required by the NTIA as outlined above, subrecipients are recommended to maintain additional documentation to substantiate BABA compliance. This includes, but is not limited to:

- 1. **Invoices and Purchase Orders:** Copies of all invoices, purchase orders, and receipts for materials purchased for the project. These documents should clearly indicate the origin of the materials and confirm that they were produced in the United States. Subrecipients should provide statements verifying that their products meet BABA requirements. Bid solicitations to other recipients should require BABA statements to consultants and contractors.
- 2. **Project Progress Reports:** Regular progress reports that include information on the materials purchased and used throughout the project timeline. These reports should highlight compliance with the BABA Act and identify any issues or deviations.
- 3. **Audit and Inspection Records:** Any audit and inspection reports conducted to ensure compliance with BABA requirements. These records should document the findings, corrective actions taken, and confirmations of compliance.

4. Training and Compliance Programs: Records of training and compliance programs provided to personnel and contractors to ensure awareness and understanding of BABA requirements.
5. Written Policies and Procedures: Subrecipients should communicate BABA requirements through written policies and procedures that include BABA terms and conditions to validate that all parties involved are aware of their underlying domestic content requirements.
6. Change Orders and Modifications: Any change orders or modifications to the project scope that affect material procurement should be documented, including the compliance verification for any new materials added to the project.

5.3 Environmental and Historical Preservation (EHP)

Subrecipients should retain documentation evidencing their compliance with EHP requirements.

Section VII,D,4 of the [BEAD NOFO](#) requires subrecipients to submit a statement certifying that they:

- Will comply with the State Historical Preservation Act (SHPA), National Environmental Policy Act (NEPA) (42 U.S.C. part 4321 et seq.) and National Historic Preservation Act (NHPA) (54 U.S.C. part 300101 et seq.)
- Understand that NEPA analysis will be required for every project funded through the BEAD program and agrees to provide sufficient information to allow for NEPA analysis such as a detailed project description, including applicable supporting documentation.
- Understand the responsibility for identifying and obtaining applicable federal, state and local permits (such as easements) that required to complete any BEAD projects.
- Will cooperate with NTIA in identifying feasible measures to reduce or avoid any identified adverse environmental impacts of the proposed project(s) or other eligible activities.

Subrecipients should familiarize themselves with NEPA and SHPA put out by the NTIA in order to maintain compliance, including but not limited to the following resources:

- NEPA for BEAD: Milestone Schedule & NEPA Timeline
- Guidance on NTIA National Environmental Policy Act Compliance
- Smart Start - How to Plan and Prepare for National Environmental Policy Act Compliance for BEAD

Also as required by the NTIA's BEAD Restructuring Policy Notice, ACA must utilize the Environmental Screening and Permitting Tracking Tool (ESAPTT) found within the NTIA Grants Portal for NEPA compliance screening. The ESAPTT will be used to evaluate and document environmental reviews for all BEAD-funded projects. Subrecipients will be required to provide supporting documentation including, but not limited to, project photos, aerial photographs, project plans, floodplain and wetlands maps, and relevant agency consultations to facilitate this process. ACA will review all submitted documentation and enter project information into the ESAPTT system to generate draft NEPA Decision Memos for NTIA approval. This environmental screening process must be completed and approved before project construction can begin.

The ACA will publish an additional NEPA and EHP Guidance File. Once published, please refer to this file for detailed guidance regarding NEPA and EHP.

5.4 Speed Testing Requirements

Per the BEAD NOFO, “Network speeds must reach or exceed 100 megabits per second (Mbps) download and 20 Mbps upload for broadband serviceable locations and 1 gigabit per second (Gbps) for both download and upload for community anchor institutions (CAIs).”

It is required that 80% of network speed measurements be at 80% of required speeds and 95% of latency measurements be at or below 100 milliseconds round-trip time. A speed test is a single measurement of download or upload speed of 10 to 15 seconds duration between a specific consumer location and the nearest remote server location that meets the Federal Communications Commission (FCC) designated Internet Exchange Point (IXP) requirements. Speed tests provide evidence that the broadband network performs in accordance with the speeds in the applicable program grant agreement.

All subrecipients must collect measurements twice a year during the period of performance and the subsequent federal interest period. In accordance with FCC speed test requirements, speed tests should be:

- Provided for at least 50 subscribers, or 10% of the locations in the proposed project area, whichever is greater.
- Conducted between 6:00 p.m. and midnight local time.
- Conducted by ISPs or third party entities.
- Taken on a random sample of customers.

The subrecipient can challenge third party testing if presented data does not align with the subrecipient's identical testing procedure. Onsite testing may be conducted if there are challenges associated with the third-party vendor determining final speeds.

Every speed test measurement must include:

- Time and date of the speed test.
- Provider-assigned IP address of the residential gateway (either IPv4 or IPv6).
- Autonomous System Number (ASN).

Note: Testing should not be conducted over VPN networks.

Each group of three speed tests must include:

- The subscriber's street address.
- A certification of the speed tier to which the customer subscribes.
- An agreement form that grants access to speed test information to the state (not including customer name), any contractors supporting the process and the service provider.

Additional information on speed testing can be found in the Proposed BEAD Performance Measures Guidance. Once the NTIA finalizes speed testing guidance, speed testing requirements and templates will be provided to BEAD subrecipients by the ACA.

6. Monthly Subrecipient Status Reports

In addition to the monitoring procedures described herein, the ACA will collect monthly status reports from subrecipients to provide regular updates regarding physical progress of the project, along with the proactive identification and communication of potential risks so that they can be remediated.

A monthly status report template will be sent to each subrecipient through the Ready.net platform, or via email. **By the tenth (10th) of each month, subrecipients must submit a completed monthly status report template to the ACA through the same means that it was received.** Submissions must reflect the most recent data maintained by the subrecipient as of the previously completed month (e.g., if a monthly status report is submitted to the ACA on February 10, 2026, the data must be the most recent as of January 31, 2026).

Monthly subrecipient status reports provided baseline project information (e.g., report month, report year, subrecipient name, grant number, and project name) along with a select set of ACA approved key performance indicators (KPIs). This information includes, but is not limited to:

- Original project price and current project price (includes subgrant and match amounts)
- Current project price (subgrant amount and match amount)
- Previous month, current month, and cumulative grant amounts invoiced for
- Forecasted project completion date
- Percentage of project complete
- Linear feet of fiber laid vs. the project's initial expected feet laid
- Number of serviceable addresses vs. expected serviceable addresses
- Address level information of residencies/households/buildings served through installation to date to track project progress
- Reimbursement amount received to date and grant match expended to date
- List of engaged subcontractors to track fund usage
- Permits completed and pending to complete construction
- Safety events affecting project completion
- Risks facing the project

The ACA will review the monthly status report submissions from subrecipient project teams and document any observations, detailing any key takeaways that may need to be further discussed with a BEAD subrecipient, including, but not limited to, if a monthly status is deemed to be inaccurate, incomplete, late, or indicated potential projects risk or delays.

7. Statutory Requirements, Regulations, and Guiding Documents

In accordance with the regulations set forth by Title 2 Code of Federal Regulations (CFR) Part 200 (2 CFR 200), the terms and conditions of federal awards generally flow down to subcontracts and subawards. As such, entities receiving federal funding under the BEAD program must comply with requirements regardless of whether they are a recipient or subrecipient of a federal award. Recipients and subrecipients must adhere to guidance and requirements set forth by both the federal agency that houses the grant (NTIA) and any grant agreements executed between the recipient (ACA) and a subrecipient.

7.1 Relevant Guidance for the ACA's BEAD Program

ACA will administer reporting efforts, and conduct compliance reviews to assess subrecipient compliance with its BEAD program, based on applicable federal, state, and local law, BEAD program requirements, as well as its grant agreements, including but not limited to:

- **Arizona Broadband Equity, Access and Deployment (BEAD) Grant Agreement**
- **BEAD Five-year Action Plan** - Arizona Commerce Authority BEAD Five-Year Action Plan. Arizona's vision is to provide dependable and affordable high-speed internet services to every community and access to the necessary digital skills so every resident can fully participate in a digital world.
- **BEAD Proposal Volume I & II** - Arizona Commerce Authority Initial Proposal for the Broadband Equity, Access and Deployment (BEAD) Volumes I & II. Volume I outlines existing broadband funding within Arizona, the list of the locations designated as unserved and underserved in the FCC National Broadband Map, Arizona's Community Anchor Institutions (CAIs) as defined by the National Telecommunications and Information Administration (NTIA), and the proposed plan for the BEAD challenge process. Volume II outlines the long-term objectives for deploying broadband, closing the digital divide, addressing access, affordability, and adoption issues, and enhancing economic growth and job creation including information developed in the Five-Year Action Plan.
- **Arizona Commerce Authority ConnectAllAZ** – ACA's ConnectAllAZ website provides more information and additional resources available for BEAD and other broadband programs.
- **Arizona Commerce Authority** – ACA Uniform Terms and Conditions.
- **Arizona Commerce Authority** – Special Terms and Conditions - Insurance Requirements for Vendors (May 8, 2018);
- **Arizona Commerce Authority** – Uniform Instructions to Offerors for Procurement and Other Administrative Processes.

7.2 Relevant Guidance for BEAD and Federal Programs

ACA and subrecipients will comply with applicable statutes and regulations, including but not limited to:

- **Code of Federal Regulations** - Title 2 Code of Federal Regulations (CFR) Part 200. 2 CFR 200 is a set of rules and regulations for federal grants that created uniform administrative requirements, cost principles, and audit requirements for federal awards.
- **Eligible Uses of BEAD Program Funds** - Subgrant recipients may only use federal award funds and any non-federal cost share committed to an award to pay for allowable costs under the BEAD Program. Allowable costs are determined in accordance with the cost principles identified in 2 C.F.R. Part 200, including Subpart E of such regulations for states and non-profit organizations, and in 48 C.F.R. Part 31 for commercial organizations, as well as in the grant program's authorizing legislation and NOFO.
- **Costs specifically identified as prohibited under the BEAD Program** - An Eligible Entity (e.g. ACA) or subrecipient (including contractors and subcontractors of Subrecipients) may not use grant funds received under the BEAD Program to purchase or support any covered communications equipment or service (as defined in Section 9 of the Secure and Trusted Communications Networks Act of 2019 (47 U.S.C. § 1608)).
- **Provision of Information to Federal Communications Commission and United States Department of Agriculture** - The Assistant Secretary will provide the information collected under Section I.E.2 of BEAD NOFO, and such other Program information as is necessary, to the Commission, the Department of Agriculture, the Department of the Treasury, and any other federal agency that funds broadband deployment, to be used as applicable, in determining whether to award funds for the deployment of broadband under any program administered by those agencies.
- **Recipient Integrity and Performance Matters** - In accordance with Section 872 of Public Law 110-417, as amended, see 41 U.S.C. § 2313, if the total value of a recipient's currently active grants, cooperative agreements, and procurement contracts from all federal awarding agencies exceeds \$10,000,000 for any period of time during the period of performance of an award made under BEAD NOFO, then the recipient shall be subject to the requirements specified in Appendix XII to 2 C.F.R. Part 200, 103.
- **Federal Funding Accountability and Transparency Act of 2006** - In accordance with 2 C.F.R. Part 170, all recipients of a federal award made on or after October 1, 2010, are required to comply with reporting requirements under the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. No. 109-282).
- **Uniform Administrative Requirements, Cost Principles and Audit Requirements** - Through 2 C.F.R. § 1327.101, the Department of Commerce adopted Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards at 2 C.F.R. Part 200, which apply to awards in the BEAD Program. Refer to <http://go.usa.gov/SBYh> and <http://go.usa.gov/SBg4>. The 2 C.F.R. Part 200, Subpart F, adopted by the Department of Commerce through 2 C.F.R. § 1327.101 requires any non-federal entity that expends federal awards of \$1,000,000 or more in the recipient's fiscal year to conduct a single or program-specific audit in accordance with the requirements set out in the Subpart. Refer to the Policy Notice on Uniform Guidance for BEAD for exceptions, adjustments, and clarifications to certain provisions of 2 CFR Part 200.

- **Department of Commerce Financial Assistance General Terms and Conditions -** The Department of Commerce will apply to each award in this Program, the Financial Assistance Standard Terms and Conditions in effect on the date of award. The current version, dated November 12, 2020, is accessible at Department of Commerce Financial Assistance Standard Terms and Conditions.
- Refer to Section VIII of BEAD NOFO (Federal Awarding Agency Contact(s)) and the General Terms and Conditions for BEAD for more information.
- **Pre Award Notification Requirements -** The Department of Commerce will apply the Pre-Award Notification Requirements for Grants and Cooperative Agreements dated December 30, 2014 (79 FR 78390), accessible at <http://go.usa.gov/hKkR> . Refer to Section VIII of BEAD NOFO (Federal Awarding Agency Contact(s)) for more information.
- **Environmental and National Historical Preservation Requirements -** Awarding agencies are required to analyze the potential environmental impacts, as required by the National Environmental Policy Act (NEPA) (42 U.S.C. § 4321 et seq.) and the National Historic Preservation Act (NHPA) (54 U.S.C. § 300101 et seq.) for Eligible Entity proposals and awardee projects and other eligible activities seeking funding under the BEAD program. Eligible Entities (e.g., ACA) with projects or other eligible activities containing construction and/or ground-disturbing activities are required to submit all required environmental documentation to NTIA with their Final Proposals.
- **Property Trust Relationship and Public Notice Filings for Grant-Acquired Property -** In accordance with 2 C.F.R. § 200.316, any real property, equipment, or intangible property acquired or improved with a federal award must be held in trust by the Eligible Entity (e.g., ACA) or subrecipient as trustee for the beneficiaries of the project, other eligible activity, or program under which the property was acquired or improved.
- **Domestic Preference for Procurements -** All funds made available through the BEAD program for broadband infrastructure must comply with the Build America, Buy America Act. Additionally, the IIJA expressly prohibits Subrecipients from using BEAD funding to purchase or support fiber optic cable and optical transmission equipment manufactured in the People's Republic of China unless a waiver of this requirement is received from the Assistant Secretary.

8. Communication

ACA will take reasonable steps to ensure that subrecipients are informed and engaged through clear and ongoing communication. The goal is for subrecipients to remain informed throughout the monitoring process to promote active participation. The following considerations serve as guiding principles for ACA's communication strategy:

- Support subrecipients' understanding of their role and responsibilities during the project monitoring phase by effectively communicating through a common voice, vision, and platform.
- Share information to allow for the right level of engagement and awareness to support the monitoring process.
- Communication that leads to enhanced participation and commitment from subrecipients.
- Develop approved templates and materials that can be tailored to different projects and subrecipients.

8.1 Communication Guiding Principles

The following guiding principles helped formulate the communication strategy for ACA:

- Communication with subrecipients will be cordial and professional.
- Communication of outcomes is based on procedures reviewed and approved by ACA.
- The outcomes of the monitoring procedures will be shared with the subrecipients on a project-by-project basis, and ACA will be responsible for determining any corrective actions that may be required.
- ACA will refer to the review as "monitoring" or "monitoring procedures."

8.2 Communication Methods

ACA will communicate with subrecipients through various methods:

- **Phone** – Upon initial outreach, and on as needed basis for follow-up/reminder activities, ACA may conduct outbound calls to subrecipients.
- **E-mail** – After initial outreach, further communications may be handled by e-mail.
- **Ready.net Portal** – Ready.net is the platform used by the ACA to conduct compliance and monitoring activities for its BEAD program, including sending notifications to subrecipients and collecting documentation and information. Subrecipients will be provided with a unique account username and password to help manage their ACA BEAD funded projects and facilitate compliance and monitoring activities.

9. Appendix A: Definitions and Acronyms

Term	Definition	Acronym (if applicable)
National Telecommunications and Information Administration (NTIA)	<ul style="list-style-type: none"> The National Telecommunications and Information Administration (NTIA) is a federal agency administering the BEAD program. 	NTIA
Broadband Equity, Access and Deployment (BEAD) Program	<ul style="list-style-type: none"> The Broadband Equity, Access and Deployment Program administered by the National Telecommunications and Information Administration (NTIA) for deployment of broadband infrastructure projects in the state. 	BEAD
Arizona Commerce Authority	<ul style="list-style-type: none"> Coordinator and administrator of all broadband infrastructure funding programs in Arizona Key administration stakeholder and Subject Matter Expert (SME) on digital inclusion 	ACA
Eligible Entity	<ul style="list-style-type: none"> The term “Eligible Entity” means any State of the United States, the District of Columbia, Puerto Rico, American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands. In this case, Eligible Entity refers to ACA. 	N/A
Subrecipients / Subrecipient/Subgrantees / Subgrantee	<ul style="list-style-type: none"> The term “subrecipient” or “subrecipient” means an entity that receives grant funds from an Eligible Entity to carry out eligible activities. The BEAD program generally uses the terms “subgrantee” and “subgrant” because these are the terms used in the relevant Infrastructure Act provisions. Many of the applicable regulations governing federal financial assistance generally use the term “subrecipient” to refer to what the Infrastructure Act calls “subgrantees” and the term “subaward” to refer to what the IIJA 	N/A

Term	Definition	Acronym (if applicable)
	calls “subgrants.” See generally 2 CFR Part 200. As used herein, the terms “subrecipient” and “subaward” are meant to have the same meaning, respectively, as the terms “subgrantee” and “subgrant” for purposes of those regulations and other governing terms or authorities.	
Underserved Location	<ul style="list-style-type: none"> The term “underserved location” means a broadband-serviceable location that is (a) not an unserved location, and (b) that the Broadband DATA Maps show as lacking access to Reliable Broadband Service offered with—(i) a speed of not less than 100 Mbps for downloads; and (ii) a speed of not less than 20 Mbps for uploads; and (iii) latency less than or equal to 100 milliseconds An underserved service project is defined as a project in which not less than 80% of broadband-serviceable locations served by the project are unserved locations or underserved locations. An “Underserved Service Project” may be as small as a single underserved broadband serviceable location (NOFO Section I.C.cc). 	N/A
Community Anchor Institution	<ul style="list-style-type: none"> The term “community anchor institution” means an entity such as a school, library, health clinic, health center, hospital or other medical provider, public safety entity, institution of higher education, public housing organization, or community support organization that facilitates greater use of broadband service by vulnerable populations, including, but not limited to, low-income individuals, unemployed individuals, children, the incarcerated, and aged individuals. A Community Anchor Institution that lacks access to Gigabit-level broadband service is an eligible service location under the BEAD Program 	CAI
Unserved Location	<ul style="list-style-type: none"> The term “unserved location” means a broadband-serviceable location that the Broadband DATA Maps show as 	N/A

Term	Definition	Acronym (if applicable)
	(a) having no access to broadband service, or (b) lacking access to Reliable Broadband Service offered with—(i) a speed of not less than 25 Mbps for downloads; and (ii) a speed of not less than 3 Mbps for uploads; and (iii) latency less than or equal to 100 milliseconds.	
Broadband; Broadband Service	<ul style="list-style-type: none"> The term “broadband” or “broadband service” has the meaning given the term “broadband internet access service” in Section 8.1(b) of title 47, Code of Federal Regulations, or any successor regulation, that it is a mass-market retail service by wire or radio that provides the capability to transmit data to and receive data from all or substantially all internet endpoints, including any capabilities that are incidental to and enable the operation of the communications service, but excluding dial-up internet access service. This term also encompasses any service that the Commission finds to be providing a functional equivalent of the service described in the previous sentence or that is used to evade the protections set forth in this part. 	N/A
BEAD Monitoring Plan	<ul style="list-style-type: none"> A strategic framework to oversee and evaluate broadband projects, ensuring they meet goals of expanding internet access. It includes performance metrics, data collection, compliance monitoring, stakeholder engagement, risk management, and continuous improvement. This is an internal document to the ACA. 	N/A
BEAD Subgrant Agreement	<ul style="list-style-type: none"> A formal contract between ACA and the subrecipient, outlining the terms and conditions for the use of BEAD funds. It specifies the responsibilities, reporting requirements, and compliance standards that the recipient must adhere to in order to achieve the program’s goals of expanding broadband access. 	N/A
BEAD Subrecipient Site Visit Checklist	<ul style="list-style-type: none"> A comprehensive tool used by ACA to ensure subrecipients comply with the terms and conditions of their BEAD grant. This checklist will be used while 	N/A

Term	Definition	Acronym (if applicable)
	visiting a subrecipient's project site and may include items such as verifying financial records, assessing physical project progress, ensuring adherence to regulatory requirements, and evaluating the effectiveness of stakeholder engagement and risk management practices.	
Desk Reviews	<ul style="list-style-type: none"> A type of monitoring activity where a subrecipient is evaluated on compliance and performance without conducting an on-site visit. This process involves examining documentation and reports submitted by the subrecipient to ensure they meet the program's requirements and objectives. 	N/A
Risk Assessment	<ul style="list-style-type: none"> A process used to identify, evaluate, and prioritize potential risks that could impact a project or organization. This assessment will inform monitoring procedures for subrecipients. 	N/A

10. Appendix B: BEAD Supporting Documents

Term	Definition
BEAD General Terms & Conditions	<ul style="list-style-type: none"> BEAD grant funding General Terms & Conditions provided by the NTIA.
BEAD NOFO	<ul style="list-style-type: none"> The Notice of Funding Opportunity for the Broadband, Equity, Access, and Deployment Program. It outlines the requirements required to submit the Final Proposal.
NTIA BEAD FAQs	<ul style="list-style-type: none"> Frequently asked questions by an Eligible Entity regarding numerous topics such as the Challenge Process, Subrecipient Selection Process, Final Proposal questions and more.
BEAD Final Proposal Guidance	<ul style="list-style-type: none"> This document provides guidance and requirements for BEAD Financial proposal
BEAD Subgrantee Selection Primer	<ul style="list-style-type: none"> This document provides a high-level overview of how an Eligible Entity can conduct a Subrecipient Selection Process.
BEAD Build America, Buy America Waiver Request for Comment	<ul style="list-style-type: none"> In accordance with the Build America, Buy America Act (BABA), this notice advises that the Department of Commerce (DOC) proposes to issue a limited, general applicability, nonavailability waiver of the Buy America Domestic Content Procurement Preference (Buy America Preference) to recipients of Federal financial assistance under NTIA's BEAD program, which will flow down to subrecipients. The waiver is provided in the attached link.
BEAD BABA FAQ	<ul style="list-style-type: none"> Department of Commerce BEAD BABA specific FAQ 2/2024
BEAD Restructuring Policy Notice	<ul style="list-style-type: none"> This Policy Notice modifies and replaces certain requirements outlined in the BEAD NOFO. Each Subrecipient must comply with this Policy Notice to gain approval of its Final Proposal from the Assistant Secretary of Commerce for Communications and Information.
BEAD Subrecipient Qualifications	<ul style="list-style-type: none"> The BEAD NOFO (Section IV.D) requires an Eligible Entity to ensure that all prospective subrecipients can carry out activities funded by the subgrant in a competent manner and in compliance with all applicable laws. This Subrecipient Qualifications Evaluation Guide provides an overview of the BEAD NOFO requirements and how to evaluate the qualifications of prospective BEAD subrecipients.
Subrecipient vs. Subcontractor Guidance	<ul style="list-style-type: none"> This checklist provides a Broadband, Equity, Access, and Deployment (BEAD) Eligible Entity with considerations to determine if a partnering entity should be considered a subrecipient or a subcontractor. Note, for BEAD deployment

Term	Definition
	<p>projects, Eligible Entities must use competitively awarded subgrants.</p>
<p>Fixed Amount Subaward Primer</p>	<ul style="list-style-type: none"> • This primer provides a Broadband Equity, Access, and Deployment (BEAD) program Eligible Entity with guidance on fixed amount subawards, which are only allowed for subgrants in which the major purpose of the project is broadband infrastructure deployment.
<p>Notification of Provisional Selections</p>	<ul style="list-style-type: none"> • This document provides an Eligible Entity guidance on the requirements they must satisfy before public notification of provisional BEAD subrecipient selections.
<p>Guidance on NTIA National Environmental Policy Act Compliance</p>	<ul style="list-style-type: none"> • Guidance on NEPA process requirements, roles and responsibilities, and Appendices applicable to NTIA programs effective April 2024. • NOTE: BEAD subgrantees should view the BEAD general terms and conditions and NEPA for BEAD resources for additional context on roles and responsibilities in the BEAD program.
<p>Selecting Technology Policy Notice One Pager</p>	<ul style="list-style-type: none"> • This resource provides comprehensive guidance on obtaining applications during subrecipient selection for deploying broadband service to all unserved and underserved locations, prioritizing the most robust, affordable, and scalable technologies.