



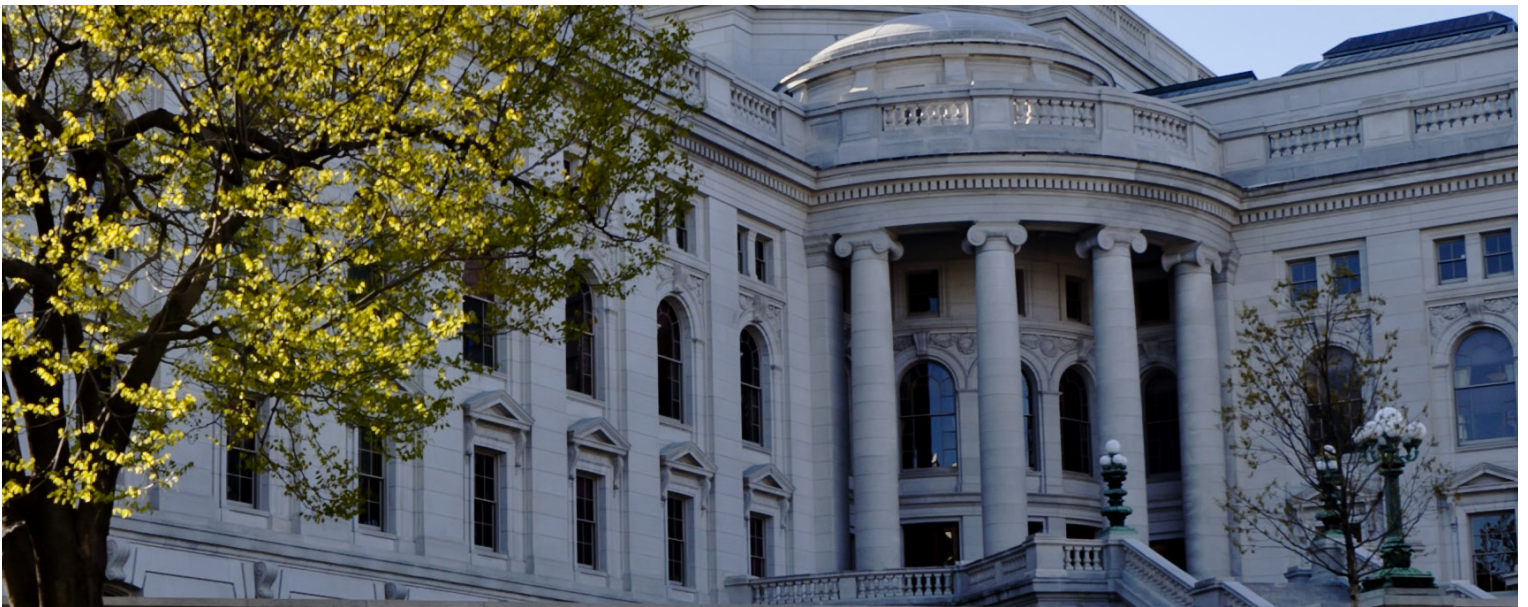
STATE OF WISCONSIN

Legislative Audit Bureau

NONPARTISAN • INDEPENDENT • ACCURATE

Report 22-11
September 2022

Certain Broadband Expansion Grant Programs



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Certain Broadband Expansion Grant Programs



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STATE OF WISCONSIN

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September 1, 2022

Senator Robert Cowles, Co-chairperson
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Cowles:

In response to the Joint Legislative Audit Committee's request that we evaluate how state agencies spent supplemental federal funds, we have completed a limited-scope review of how the Public Service Commission (PSC) administered Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) funds to expand broadband service in Wisconsin. To administer the funds, PSC established two broadband expansion grant programs.

PSC used CARES Act funds to award 12 grants totaling \$5.4 million and subsequently reimburse \$4.9 million to telecommunication providers, which reported having made broadband service available to 20,535 businesses and residences. PSC did not establish written program policies for administering the funds, and almost all of the documents that providers submitted in support of their reimbursement requests did not indicate the amounts they had actually paid to construct the projects. All CARES Act-funded projects were completed at the time of our review.

PSC used ARPA funds to award 83 grants totaling \$99.9 million for projects to construct fiber-optic broadband infrastructure. PSC did not establish comprehensive written program policies and did not consistently adhere to its grant application instructions when deciding which projects to fund. All ARPA-funded projects were ongoing at the time of our review but must be completed no later than December 31, 2024.

PSC should improve its administration of broadband expansion grant programs, including by establishing comprehensive written program policies and improving how it reviews and awards grants, reimburses telecommunication providers, and oversees the programs. Taking these actions will help PSC improve its administration of the ongoing program supported by ARPA funds, as well as the ongoing State Broadband Expansion Grant Program and any additional funds PSC may receive through the federal Infrastructure Investment and Jobs Act.

A response from PSC's chairperson follows the appendices.

Respectfully submitted,

Joe Chrisman
State Auditor

JC/DS/ss

Introduction

PSC administers programs that award grants for providing broadband services to businesses and residences.

The Public Service Commission of Wisconsin (PSC) administers programs that award grants for providing broadband service to businesses and residences. Since 2013, PSC has administered the State Broadband Expansion Grant Program, which funds projects to increase broadband service in unserved and underserved parts of the state. 2021 Wisconsin Act 58, the 2021-23 Biennial Budget Act, appropriated \$129.0 million for this program, including \$125.0 million from the issuance of general obligation bonds and \$4.0 million in segregated funds from the Universal Service Fund, which is funded by assessments on telecommunication providers and is intended to ensure that all residents receive essential telecommunication services and have access to advanced telecommunication capabilities.

Wisconsin received supplemental federal funds through multiple federal acts. The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided funds to support K-12 and higher education, unemployment benefits, and transit, including \$2.0 billion provided through the Coronavirus Relief Fund. The American Rescue Plan Act (ARPA) provided funds to support education, health, and transportation, including \$2.5 billion provided through the Coronavirus State and Local Fiscal Recovery Funds program. These federal acts provided flexibility in administering a portion of the supplemental federal funds. In some instances, the Department of Administration (DOA) allocated the funds to particular state programs.

DOA allocated CARES Act and ARPA funds to support broadband expansion projects.

DOA allocated CARES Act and ARPA funds to support broadband expansion projects. DOA and PSC signed two agreements for using the supplemental federal funds:

- An October 2020 agreement for \$6.2 million in CARES Act funds required PSC to establish a broadband grant program to address the need for distance learning and

telework stemming from the public health emergency. PSC was required to fund the construction of broadband infrastructure in areas of the state served by fewer than two telecommunication providers. Under a January 2021 amended agreement, all project costs were required to be incurred no later than January 30, 2021.

- A July 2021 agreement for \$103.4 million in ARPA funds required PSC to administer a grant program to build broadband infrastructure in unserved and underserved areas of the state, which were defined as areas lacking a reliable connection to service providing 25 megabits per second download and 3 megabits per second upload speeds. Telecommunication providers awarded grants were required to build infrastructure capable of supporting 100 megabits per second download and upload speeds. If these speeds were not practicable, providers were required to build infrastructure that is currently capable of supporting 100 megabits per second download speeds and 20 megabits per second upload speeds and that can later be upgraded to 100 megabits per second download and upload speeds. Program-funded projects must be completed no later than December 31, 2024.

Most recipients of the grants that PSC awarded under the two programs supported by supplemental federal funds were telecommunication providers, such as firms and cooperatives. However, PSC also awarded some grants to local governments that worked in partnership with providers that built the broadband infrastructure. Our review refers to all grant recipients as telecommunication providers.

PSC administered the supplemental federal funds separate from its State Broadband Expansion Grant Program, which supports broadband expansion projects with similar goals. For example, statutes require PSC to spend the \$129.0 million appropriated through 2021 Wisconsin Act 58 to fund broadband expansion projects in unserved and underserved areas of the state. We did not analyze PSC's administration of the state program.

To complete this review, we interviewed PSC and four organizations that represent telecommunication providers. We reviewed PSC's agreements with DOA for administering the funds, PSC's procedures for reviewing grant applications, PSC's grant agreements, reports that providers submitted to PSC, and reimbursement requests that providers submitted to PSC through June 2022.

Funding and Expenditures

Although DOA had originally allocated \$6.2 million in CARES Act funds to PSC, in December 2020 the two agencies agreed to reduce this amount to \$5.4 million, which was the amount of grants that PSC had awarded for broadband expansion projects. PSC had awarded all applicants the grant amounts they had requested. In July 2021, DOA

allocated \$103.4 million in ARPA funds to PSC to fund additional projects, including \$100.0 million for grants and \$3.4 million for PSC’s program administration costs. Telecommunication providers that are awarded grants can request reimbursement from PSC for the amounts they spent to complete their grant-funded projects.

Through June 2022, PSC awarded \$105.3 million in broadband expansion grants and reimbursed telecommunication providers \$7.7 million.

Through June 2022, PSC awarded \$105.3 million in broadband expansion grants supported by CARES Act and ARPA funds, as shown in Table 1. PSC reimbursed telecommunication providers \$7.7 million, including \$4.9 million in CARES Act funds and \$2.8 million in ARPA funds.

Table 1

Supplemental Federal Funds for Broadband Expansion Grants¹
Through June 2022
(in millions)

Federal Act	Amount	
	Awarded	Reimbursed
CARES	\$ 5.4	\$4.9
ARPA	99.9 ²	2.8
Total	\$105.3	\$7.7

¹ Excludes PSC’s program administration costs.

² PSC did not award all \$100.0 million in ARPA funds allocated to it by DOA.

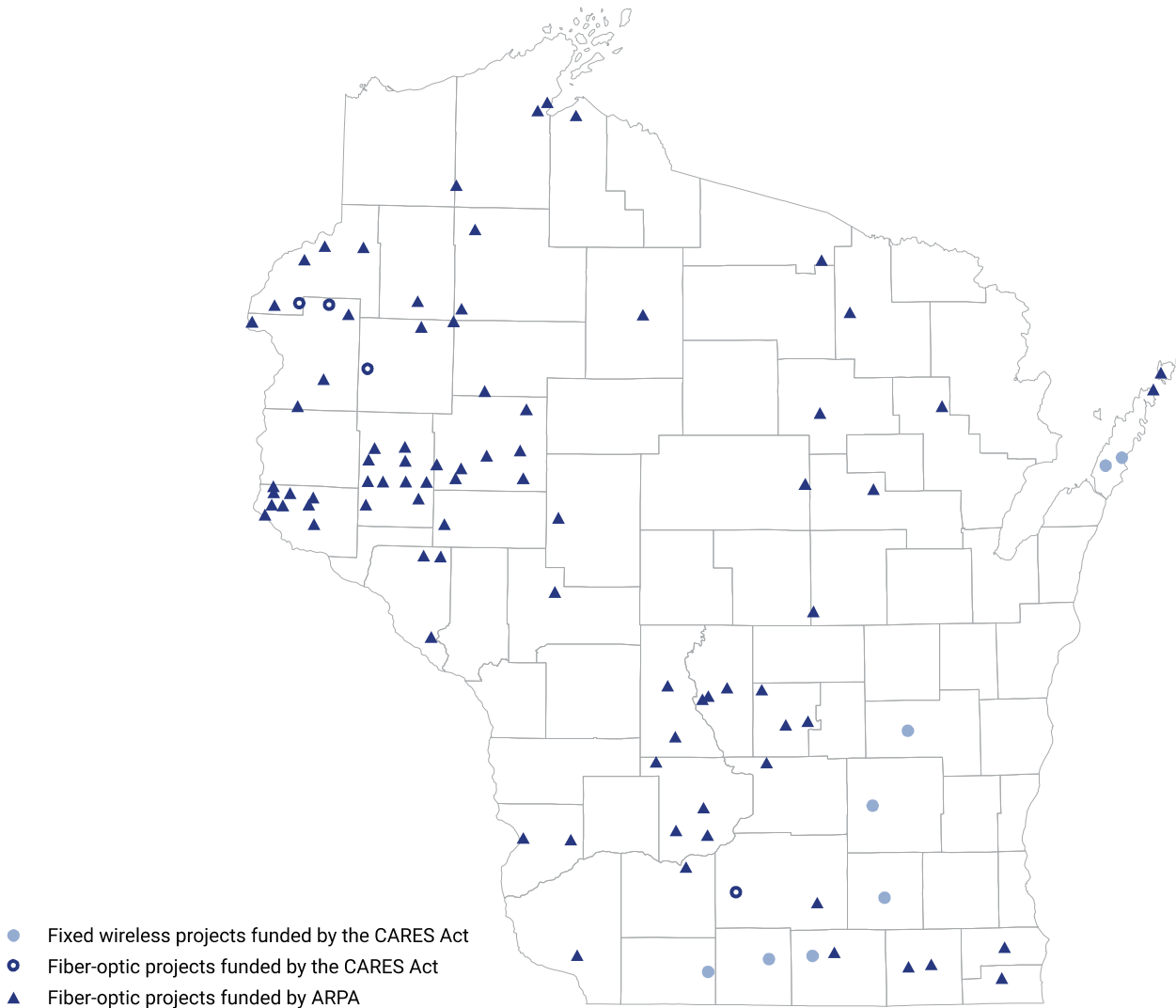
Under its agreements with DOA, PSC was allowed to spend supplemental federal funds to cover its program administration costs. PSC reported to DOA that it had spent:

- \$12,900 for staffing for the CARES Act-funded program, which was completed at the time of our review; and
- \$312,700 for staffing and supplies for the ARPA-funded program through June 2022. To administer this program, DOA authorized seven new project positions, four of which PSC indicated were filled as of June 30, 2022.

Figure 1 shows the locations of the projects funded by the 95 grants that PSC awarded with the CARES Act and the ARPA funds. Appendix 1 lists the 12 grants that PSC awarded with the CARES Act funds, and Appendix 2 lists the 83 grants that PSC awarded with the ARPA funds.

Figure 1

Locations of Projects Funded by Broadband Expansion Grants That PSC Awarded¹
CARES Act and ARPA Funds



¹ The map indicates the locations of CARES Act-funded projects. The map also indicates the anticipated locations of ARPA-funded projects, which were ongoing at the time of our review.

CARES Act Funds

We analyzed PSC's administration of CARES Act funds for broadband expansion projects and the results of the projects.

We analyzed PSC's administration of CARES Act funds for broadband expansion projects and the results of the projects, which were completed at the time of our review. PSC reimbursed telecommunication providers \$4.9 million for completing 11 projects that, according to the providers, made new or improved broadband service available to 20,535 businesses and residences. We found that PSC did not establish written program policies for administering the funds and that most of the documents providers submitted in support of their reimbursement requests did not indicate the amounts they had actually paid to construct the projects. We also found that PSC did not document its efforts to verify that telecommunication providers had constructed the broadband infrastructure for which they were reimbursed.

Program Administration

To analyze PSC's administration of the CARES Act funds, we reviewed:

- the procedures PSC used to award grants to telecommunication providers;
- the reports providers submitted to PSC; and
- the procedures PSC used to reimburse providers.

Grant Awards

To identify potential grant applicants, PSC contacted telecommunication providers that in December 2019 had unsuccessfully applied for State Broadband Expansion Grant Program grants. These providers had

submitted 68 grant applications. PSC informed the providers that they could apply for CARES Act-funded grants if they updated the applications they had previously submitted for the State Broadband Expansion Program to reflect the portions of their projects that could be completed by December 30, 2020. PSC also posted grant information to its online document repository through which providers receive grant notifications. Providers submitted one application per project, but a given provider was allowed to submit multiple applications for different projects. A total of 11 providers applied for a total of \$5.4 million for 12 projects.

PSC did not require telecommunication providers to indicate the upload and download speeds of their proposed projects.

Under PSC's agreement with DOA, telecommunication providers were required to indicate in their applications the minimum and maximum upload and download speeds that would be attained if their projects were completed. The agreement did not require projects to attain specified minimum speeds. We found that PSC did not require providers to indicate the speeds. Among the 12 applications:

- 6 applications listed some but not all of the required speeds;
- 5 applications did not list any of the required speeds; and
- 1 application listed all of the required speeds.

PSC awarded \$5.4 million for the 12 projects and signed agreements with the telecommunication providers. The grants averaged \$448,200 and ranged from \$60,300 to \$1.2 million. Eight projects involved constructing fixed wireless infrastructure, such as new transmission towers or devices for extending the range of existing wireless broadband service. Four projects involved connecting businesses and residences to fiber-optic broadband service. PSC's agreements with the providers indicated that the projects were anticipated to provide up to 10,559 businesses and residences with new or improved broadband service.

Grant Reports

Under its grant agreements, PSC required telecommunication providers to report certain information, including project progress and expected completion dates. We found that the providers involved with 11 projects submitted all required monthly and final project reports, but one provider that had received a \$156,100 grant did not submit any reports. PSC indicated that this provider did not respond to its contact attempts until after the deadline for completing the project had passed and did not request reimbursement for any project costs from PSC.

We reviewed all of the monthly and final reports submitted to PSC. We found that these reports either contained the required information, PSC already possessed the information, or PSC obtained the information after the reports had been submitted.

Reimbursements

Under the grant agreements, PSC required telecommunication providers to request reimbursement for project costs and submit supporting documents, such as invoices, payroll reports, and receipts. PSC also required providers to attest that their reimbursement requests complied with the terms of the grant agreements, were related to the projects, and were properly supported. However, providers were not required to attest that the reimbursement requests were for amounts they had actually paid to construct the projects.

Telecommunication providers requested reimbursement for \$5.0 million in project costs, including for building materials, equipment, labor, and land easement contracts. To substantiate the reimbursement requests, PSC reviewed supporting documents submitted by providers. When providers submitted supporting documents for amounts larger than their reimbursement requests, PSC reviewed supporting documents sufficient to substantiate the reimbursement requests. In total, PSC reviewed 384 supporting documents and reimbursed providers \$4.9 million. Some providers requested reimbursement for less than their full awarded amounts or did not submit supporting documents for their entire reimbursement requests.

Almost all of the 384 supporting documents that PSC reviewed for reimbursement requests did not indicate the amounts telecommunication providers had actually paid to construct the projects.

Almost all of the 384 supporting documents that PSC reviewed for reimbursement requests did not indicate the amounts telecommunication providers had actually paid to construct the projects. We found that 337 of the 384 documents (87.8 percent) were invoices, and 47 documents (12.2 percent) were payroll reports, receipts, and land easement contracts. An invoice is not proof that a provider paid a cost because, for example, a supplier may accept payment for less than the full invoiced amount. Ten of the 337 invoices included information, such as stamped or handwritten notations, indicating providers had actually paid the invoiced amounts. However, the invoices and land easement contracts that did not indicate the amounts actually paid by providers to construct the projects totaled \$4.9 million of the \$5.1 million in supporting documents that PSC reviewed.

Project Results

Under the grant agreements, PSC required telecommunication providers to report on the number of businesses and residences that each project reached with new or improved broadband service and the upload and download speeds that each project facilitated. We found that:

- the providers involved with 11 projects reported having provided 20,535 businesses and residences with new or improved broadband service; and
- the providers involved with 9 projects reported having provided speeds ranging from 25 megabits per second download and 5 megabits per second

upload to 1,000 megabits per second download and upload. Although the provider involved with two projects did not report such information, PSC reimbursed this provider \$295,600. PSC indicated that it did so because the technology the provider used to complete the two projects would achieve the download and upload speeds specified in the provider's grant agreements.

Under the grant agreements, PSC required telecommunication providers to report on the broadband infrastructure that they had constructed. Providers involved with 11 projects submitted documents to PSC indicating that they had installed 12 towers, 143 antennas, 2 devices to increase the bandwidth of service provided by existing towers, 3 devices to extend the range of existing wireless broadband service, and 62.5 miles of fiber-optic cable.

PSC indicated it attempted to verify that telecommunication providers had constructed the broadband infrastructure for which they were reimbursed. PSC required providers to include in their final reports photographs of the infrastructure that was constructed. To assess the availability of broadband service in the geographic areas covered by the projects, PSC indicated that it contacted a sample of businesses and residences in those areas and asked them whether they had broadband service, and that it also ascertained whether it was possible to order broadband service at locations in these areas. In addition, PSC indicated it worked with the Federal Communications Commission to determine that the towers that met minimum height requirements and were constructed with CARES Act funds were broadcasting.

PSC did not document its efforts to verify that telecommunication providers had constructed the broadband infrastructure for which they were reimbursed.

PSC did not document its efforts to verify that telecommunication providers had constructed the broadband infrastructure for which they were reimbursed. Providers included in their final reports photographs of infrastructure that was constructed. PSC did not document its contacts with businesses and residences in the areas covered by the projects, its attempts to ascertain whether it was possible to order broadband service at locations in these areas, or the information it had obtained from the Federal Communications Commission.

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ARPA Funds

We analyzed PSC’s administration of ARPA funds for broadband expansion projects, which were ongoing at the time of our review.

We analyzed PSC’s administration of ARPA funds for broadband expansion projects but did not assess the results of the projects, which were ongoing at the time of our review. PSC’s commissioners decided to award 83 grants totaling \$99.9 million to 36 telecommunication providers that proposed projects to construct fiber-optic broadband infrastructure that is anticipated to reach up to approximately 29,870 businesses and residences. We found that PSC did not establish comprehensive written program policies for administering the funds or consistently adhere to its grant application instructions when deciding which projects to fund.

Program Administration

To analyze PSC’s administration of the ARPA funds, we:

- attempted to review PSC’s written program policies;
- reviewed the procedures PSC used to award grants to telecommunication providers; and
- reviewed PSC’s plans to monitor grant-funded projects and reimburse providers.

Program Policies

U.S. Department of Treasury guidance requires states to develop written program policies for monitoring recipients of ARPA funds. The guidance also recommends that states develop written program policies as a best practice for overall program administration.

PSC did not establish comprehensive written program policies.

We found that PSC did not establish comprehensive written program policies. On April 22, 2022, we requested the program policies from PSC, which indicated it was drafting such policies. On June 17, 2022, and in response to separate requests for information, PSC provided us with its policy for assessing risks associated with having awarded grants to particular telecommunication providers and its policy for determining whether providers had complied with affirmative action requirements. Through June 2022, PSC did not provide us with any other program policies. As a result, we did not determine the extent to which the policies were complete, appropriate, and relevant.

Grant Awards

To publicize the availability of ARPA-funded grants, PSC issued press releases and included information in its online document repository through which telecommunication providers can receive grant notifications. PSC specified the criteria it would use to score applications for grants, which were awarded on a competitive basis. For example, providers could earn higher scores by proposing to construct fiber-optic broadband infrastructure, proposing to construct “last-mile” projects that connect businesses and residences to broadband service, and pledging to contribute matching funds to complete the projects.

PSC received 231 applications for eligible projects by the July 27, 2021 application deadline, and it made these applications publicly available on its website. After the deadline, the application instructions indicated that PSC would consider comments from the public regarding objections to the proposed projects until August 20, 2021, and responses to any objections until August 27, 2021. After considering preliminary information from the applications and the submitted comments, PSC developed guidance for reviewing the applications.

The guidance of PSC’s commissioners to their staff for reviewing the grant applications did not consistently adhere to the application instructions.

We found that the guidance of PSC’s commissioners to their staff for reviewing the grant applications did not consistently adhere to the application instructions. For example:

- The commissioners instructed their staff not to consider 23 applications for “middle-mile” projects, which require additional infrastructure to connect businesses and residences to broadband service. The commissioners did so because they concluded that the 23 applications “cannot score well” based on the application scoring criteria. The application instructions did not indicate that middle-mile projects that were not proposed in partnership with last-mile projects would not be considered.
- The commissioners instructed their staff to prioritize grant applications that were of similar quality to other applications but that proposed to build broadband infrastructure in geographic areas where few projects had been proposed by other grant applicants. The application instructions did not indicate that geographic diversity would be prioritized.

In scoring grant applications, PSC's four-member panel considered factors that were not specified in the grant application instructions.

A four-member panel, including three PSC employees and one Department of Public Instruction employee, reviewed the grant applications. Panel members separately scored the applications according to the criteria specified in the grant application instructions and met to discuss the proposed projects. The panel considered the scores they had given to the applications, as well as the submitted comments and responses. We found that the panel considered factors that were not specified in the grant application instructions. For example:

- When multiple applications proposed projects in the same geographic area, the panel decided which of the projects to recommend that PSC fund. In doing so, the panel indicated that it relied on PSC's general program objectives, such as distributing as many grants as possible throughout the state. The grant application instructions did not indicate that these objectives would be considered.
- The panel did not recommend one application that requested a grant of more than \$10.0 million because this project would have used a large proportion of the available funds. The grant application instructions did not indicate that a project's cost would be considered.

The panel provided PSC's commissioners with a memorandum that ranked the projects and recommended that the commissioners award grants to the top 83 projects. The memorandum indicated the reasons why the panel recommended some, but not all, of the 83 projects. The memorandum did not include the panel's scores for any of the projects.

Several documents indicate PSC intended to score the grant applications and did score them.

Several documents indicate PSC intended to score the grant applications and did score them. For example:

- PSC's written instructions for the grant applications indicate the four-member panel planned to score the applications according to 10 specified elements, such as whether a given project used fiber-optic technology.
- In September 2021, PSC's staff informed the commissioners that they had received "a large number of applications with high and nearly identical scores based on the criteria provided in the application instructions."
- In October 2021, PSC's staff reported in writing to the commissioners that the 83 projects listed in the memorandum were "ordered from highest score to lowest."
- In November 2021, the commissioners wrote that telecommunication providers had been informed that the "10 scoring elements would be the central

piece of the Commission’s review and decision regarding which applications should be funded.”

PSC indicated that it did not collect or retain any scores that panel members may have given to the grant applications.

We asked PSC to provide us with the scores that panel members had given to each grant application because we expected that PSC would have retained evidence of how the applications were scored. PSC indicated that it did not collect or retain any scores that panel members may have given to the applications, in part, because it considered this information to be the personal notes of panel members. Instead, PSC indicated that the memorandum that ranked the 83 projects was sufficient documentation of the panel’s decision.

Although personal notes are not public records, PSC’s grant review and application process should be designed to ensure that adequate evidence of all steps in the process is retained as part of the public record. The Public Records Board has established a general records schedule that requires state agencies to retain for at least four years certain grant records, including those related to grant applications and grant review processes. However, if PSC does not intend for grant applications to be scored in the future, it should specify to telecommunication providers the precise method it will use to review and award the grants, and it should collect and retain appropriate evidence of how this method was used.

During a meeting open to the public, PSC’s commissioners decided the particular project grants to award. The 83 grants that they awarded for constructing fiber-optic broadband infrastructure averaged \$1.2 million and ranged from \$66,200 to \$6.0 million. The 83 grants included 79 projects the panel had recommended and 4 projects the panel had not recommended.

In their written decision for awarding the 83 grants, PSC’s commissioners did not specify why they did not award grants for 4 panel-recommended projects.

In their written decision for awarding the 83 grants, PSC’s commissioners did not specify why they did not award grants for 4 panel-recommended projects. PSC’s agreements with the telecommunication providers indicated that the completed projects are anticipated to serve approximately 29,870 businesses and residences. In awarding the 83 grants, PSC’s written decision in November 2021 indicated that it had considered comments and responses submitted after the deadlines specified in the grant application instructions.

Grant Reports and Reimbursements

Under its agreement with DOA, PSC is required to report certain information that DOA can use to fulfill federal reporting requirements. To collect this information, PSC requires telecommunication providers that were awarded grants to provide certain information in periodic reports and a final report. Through March 2022, providers were not required to submit their first periodic reports.

PSC’s agreements with telecommunication providers require the providers to submit reimbursement requests and documentation of their costs, such as invoices, payroll documentation, and documentation of building materials. Through June 2022, PSC had paid five reimbursement requests

that totaled \$2.8 million. We reviewed two of the five reimbursement requests, which were accompanied by 26 supporting documents, including 16 invoices. We found that none of the 16 invoices indicated that the providers had actually paid the invoiced amounts.

■ ■ ■ ■

Improving Program Administration

PSC should improve its administration of broadband expansion grant programs.

PSC should improve its administration of broadband expansion grant programs. Our review of its administration of the programs supported by CARES Act funds and ARPA funds found that PSC did not establish written program policies for the program funded by the CARES Act and did not establish comprehensive written program policies for the ARPA-funded program. We also found that the guidance of PSC's commissioners to their staff for reviewing the grant applications did not consistently adhere to the application instructions, and PSC did not consistently obtain documents indicating the amounts providers had actually paid to construct the projects. In addition, we found that PSC did not sufficiently oversee the CARES Act-funded program. Implementing improvements will help PSC to effectively administer its ongoing ARPA-funded program and any additional supplemental federal funds PSC may receive for broadband expansion programs, including from the federal Infrastructure Investment and Jobs Act that became law in November 2021. Implementing improvements will also help PSC to effectively administer its ongoing State Broadband Expansion Grant Program.

Establishing Program Policies

As noted, PSC did not establish written policies for administering the CARES Act-funded program, and it did not establish comprehensive written policies for administering the ARPA-funded program that may continue until the December 2024 deadline for telecommunication providers to complete their projects. In addition, PSC indicated that it does not have written policies for its ongoing State Broadband Expansion Grant Program, for which 2021 Wisconsin Act 58, the 2021-23 Biennial Budget Act, appropriated \$129.0 million.

Written policies should address all key aspects of program administration, including:

- how PSC will comply with the provisions in its funding agreements with DOA;
- how PSC will publicize grant opportunities to telecommunication providers and communicate grant instructions;
- specific criteria PSC will use to award grants;
- procedures PSC will use to review grant applications, including how PSC will score applications and select among multiple projects in the same geographic areas;
- acceptable types of documentation providers can submit to prove they had actually paid project costs;
- how PSC will verify that providers spent the matching funds, if applicable, as specified in their grant applications; and
- actions PSC will take to ensure that providers constructed the broadband infrastructure for which they are reimbursed, such as by conducting site visits.

PSC should establish comprehensive written policies for administering broadband expansion grant programs.

PSC should establish comprehensive written policies for administering broadband expansion grant programs. These policies should include provisions for publicizing grants, reviewing and awarding grants, reimbursing telecommunication providers for project costs actually paid, and overseeing the program. Establishing comprehensive written policies will help to ensure that PSC administers the program transparently, equitably, and consistently. PSC can use the policies it establishes if it obtains additional supplemental federal funds for broadband expansion programs, and it can modify them to administer its ongoing State Broadband Expansion Grant Program.

☑ Recommendation

We recommend the Public Service Commission:

- *establish comprehensive written policies for administering broadband expansion grant programs, including provisions for publicizing grants, reviewing and awarding grants, reimbursing telecommunication providers for project costs actually paid, and overseeing the program; and*
- *report to the Joint Legislative Audit Committee by November 15, 2022, on the status of its efforts to implement this recommendation.*

Reviewing and Awarding Grants

As noted, we found concerns with how PSC’s commissioners and their staff reviewed and awarded grants through the program supported by ARPA funds, including:

- The guidance of PSC’s commissioners to their staff for reviewing the grant applications did not consistently adhere to the application instructions. For example, staff did not consider 23 applications for “middle-mile” projects, even though the application instructions did not indicate these projects would not be funded, and comments and responses from the public were considered after the deadlines specified in its application instructions.
- Although several documents indicate PSC intended to score the grant applications and did score them, PSC did not collect or retain any scores that panel members may have given to grant applications.
- PSC’s commissioners did not specify why they awarded four grants for projects that differed from those that the panel had recommended.

PSC should improve how it awards future broadband expansion grants.

PSC should improve how it awards future broadband expansion grants, including with funds provided by the Infrastructure Investment and Jobs Act and the State Broadband Expansion Grant Program. First, PSC should consistently comply with the grant application instructions it provides to telecommunication providers. Second, PSC should collect and retain any scores that panel members give to grant applications, or it should specify the precise method it will use to review the grants if it does not intend for grant applications to be scored. Third, PSC should specify in writing its reasons for awarding grants for projects that such panels did not recommend. Taking these actions will help to ensure that PSC assesses each grant application transparently, equitably, and consistently, as well as according to the criteria it establishes for awarding grants.

Recommendation

We recommend the Public Service Commission:

- *consistently comply with the grant application instructions it provides to telecommunication providers;*
- *collect and retain any scores that panel members give to grant applications or specify the precise method it will use to review the applications if it does not intend for applications to be scored;*

- *specify in writing its reasons for awarding grants for projects not recommended by such panels; and*
- *report to the Joint Legislative Audit Committee by November 15, 2022, on the status of its efforts to implement these recommendations.*

Reimbursing Telecommunication Providers

As noted, we found concerns with how PSC reimbursed telecommunication providers awarded grants supported by CARES Act funds, including:

- \$4.9 million of the \$5.1 million in project costs listed in the supporting documents, such as invoices, that PSC reviewed before reimbursing providers did not indicate the costs providers had actually paid; and
- PSC reimbursed \$295,600 even though a provider had not reported required information on the upload and download speeds that two projects had facilitated.

PSC should improve how it reimburses telecommunication providers.

PSC should improve how it reimburses telecommunication providers. First, PSC should reimburse providers only after they submit documents indicating the amounts they had actually paid to construct projects, such as receipts or invoices that include information, such as stamped or handwritten notations, indicating providers had actually paid the amounts listed on the invoices. Second, PSC should reimburse providers only after they report all information required by the grant agreements. Taking these actions will ensure that the program funds are spent appropriately to construct broadband infrastructure.

Recommendation

We recommend the Public Service Commission:

- *reimburse telecommunication providers only after they submit documents indicating the amounts they had actually paid to construct projects;*
- *reimburse telecommunication providers only after they report all information required by the grant agreements; and*
- *report to the Joint Legislative Audit Committee by November 15, 2022, on the status of its efforts to implement these recommendations.*

Oversight

As noted, PSC did not document its efforts to verify that telecommunication providers had constructed the broadband infrastructure for which they were reimbursed with grants supported by CARES Act funds. PSC did not document its contacts with businesses and residences in the areas covered by the grant-funded projects, its attempts to ascertain whether it was possible to order broadband service at locations in these areas, or the information it had obtained from the Federal Communications Commissioner about towers constructed by grant-funded projects.

PSC should improve how it oversees broadband expansion grant programs.

PSC should improve how it oversees broadband expansion grant programs. PSC should document its efforts to verify that telecommunication providers had constructed the broadband infrastructure for which they were reimbursed.

Recommendation

We recommend the Public Service Commission:

- *document its efforts to verify that telecommunication providers had constructed the broadband infrastructure for which they were reimbursed; and*
- *report to the Joint Legislative Audit Committee by November 15, 2022, on the status of its efforts to implement this recommendation.*

■ ■ ■ ■

Appendices

Appendix 1

Broadband Expansion Grants That PSC Awarded with CARES Act Funds Through June 2022

Grant Recipient	Counties Where Projects Were Located ¹	Amount Awarded	Amount Reimbursed
Dodge County Land Resources and Parks Department	Columbia, Dane, Dodge, Green Lake, Jefferson	\$ 1,223,000	\$ 1,223,000
Thrive Economic Development	Dane, Jefferson	1,118,800	1,118,800
Chibardun Telephone Cooperative	Barron	662,700	662,700
Farmers Independent Telephone Company	Burnett, Polk	562,000	491,400
Starwire Technologies	Polk	451,000	451,000
Green County Development Corporation	Dane, Green, Lafayette, Rock	420,000	276,700
Mount Horeb Telephone Company	Dane	363,600	246,200
Door County Broadband, Egg Harbor	Door	188,700	188,700
Ethoplex	Fond du Lac, Green Lake, Winnebago	156,100	n/a ²
Door County Broadband, Jacksonport	Door	106,900	106,900
ComElec Internet Services	Green, Lafayette	65,300	65,300
UpnetWI	Rock	60,300	60,300
Total		\$5,378,500	\$4,891,100

¹ As reported to PSC by grant recipients.

² Ethoplex did not request reimbursement from PSC or submit any project reports.

Appendix 2

Broadband Expansion Grants That PSC Awarded with ARPA Funds Through June 2022

Grant Recipient, by County	Anticipated Project Location	Amount Awarded	Amount Reimbursed
Adams County			
Marquette-Adams Telephone Cooperative	Town of Adams	\$ 998,500	\$ 0
Marquette-Adams Telephone Cooperative	Town of Quincy	986,200	0
Marquette-Adams Telephone Cooperative	Town of Adams	538,600	0
Ashland County			
Bad River Band of Lake Superior Tribe of Chippewa Indians	Bad River Reservation	6,041,300	0
Bayfield County			
Norvado	Town of Barksdale	624,600	0
Norvado	City of Washburn; Towns of Barksdale, Washburn	483,400	0
Norvado	Town of Barnes	141,100	0
Buffalo County			
Cochrane Cooperative Telephone Company	Town of Cross	2,100,000	1,119,300
Nelson Communications Cooperative	Town of Mondovi	1,585,200	0
Tri-County Communications Cooperative	Town of Naples	1,137,500	0
Burnett County			
Siren Telephone Company	Town of Jackson	421,900	0
Siren Telephone Company	Town of Oakland	252,300	0
Farmers Independent Telephone Company	Town of Union	251,500	0
Farmers Independent Telephone Company	Town of Anderson	223,500	0
Chippewa County			
24-7 Telcom	Town of Wheaton	1,421,600	0
Bloomer Telephone Company	Town of Eagle Point	1,216,800	0
Ntera	Towns of Delmar, Edson, Goetz, Sigel	1,065,000	0
Ntera	Towns of Cleveland, Estella, Lake Holcombe, Ruby	673,700	0

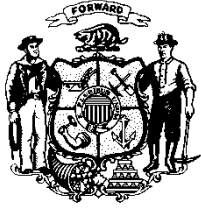
Grant Recipient, by County	Anticipated Project Location	Amount Awarded	Amount Reimbursed
Chippewa County <i>(continued)</i>			
Bloomer Telephone Company	Town of Tilden	\$ 663,300	\$ 0
24-7 Telcom	Town of Howard	529,600	0
Ntera	Towns of Arthur, Colburn	436,400	0
Clark County			
CCI Systems	Town of Foster	179,000	0
Columbia County			
Marquette-Adams Telephone Cooperative	Towns of Fort Winnebago, Lewiston	901,700	0
Crawford County			
Vernon Communications Cooperative	Towns of Freeman, Seneca, Utica; Villages of Lynxville, Mount Sterling	5,697,500	1,409,000
Richland-Grant Telephone Cooperative	Towns of Clayton, Haney, Scott	2,364,000	0
Dane County			
UpNetWI	Town of Pleasant Springs	90,300	62,900
Door County			
Washington Island Electric Cooperative	Town of Washington	1,060,200	0
Town of Liberty Grove	Town of Liberty Grove	318,500	0
Dunn County			
24-7 Telcom	Town of Stanton	1,506,800	0
24-7 Telcom	Town of Red Cedar	1,479,100	0
24-7 Telcom	Town of Tainter	1,438,000	0
24-7 Telcom	Town of Elk Mound	1,383,300	0
24-7 Telcom	Town of Menomonie	1,069,800	0
Chibardun Telephone Cooperative	Town of Otter Creek	878,700	0
24-7 Telcom	Town of Lucas	857,900	0
24-7 Telcom	Town of Spring Brook	794,800	0
24-7 Telcom	Town of Weston	616,300	0
Eau Claire County			
24-7 Telcom	Town of Brunswick	869,500	0

Grant Recipient, by County	Anticipated Project Location	Amount Awarded	Amount Reimbursed
Grant County			
The Farmers Telephone Company	Towns of Harrison, Potosi	\$ 943,300	\$ 0
Iowa County			
Reedsburg Utility Commission	Towns of Arena, Wyoming	2,025,000	0
Jackson County			
Tri-County Communications Cooperative	Town of Alma	2,177,500	0
Juneau County			
Central State Telephone Company	Towns of Armenia, Clearfield, Finley, Necedah	1,088,800	0
LaValle Telephone Cooperative	Highway 58 near the Towns of Lindina and Summit	624,800	0
Kenosha County			
Spectrum Mid-America	Towns of Brighton, Paris; Village of Bristol	872,200	0
Langlade County			
Wittenberg Telephone Company	Towns of Neva, Polar, Upham	544,900	0
Marathon County			
Wittenberg Telephone Company	Town of Norrie	150,000	0
Marquette County			
Marquette-Adams Telephone Cooperative	Towns of Mecan, Montello, Shields	2,422,800	0
Marquette-Adams Telephone Cooperative	Town of Springfield	790,600	0
Marquette-Adams Telephone Cooperative	Towns of Harris, Packwaukee	324,100	0
Oconto County			
Bertram Communications	Towns of Lakewood, Townsend	1,595,500	0
Pierce County			
Pierce Pepin Cooperative Services	Towns of El Paso, Martell, River Falls	1,293,500	0
Pierce Pepin Cooperative Services	Towns of Clifton, River Falls	1,080,100	0
Pierce Pepin Cooperative Services	Towns of Clifton, Oak Grove	712,100	0

Grant Recipient, by County	Anticipated Project Location	Amount Awarded	Amount Reimbursed
Pierce County <i>(continued)</i>			
Pierce Pepin Cooperative Services	Towns of Ellsworth, El Paso, Martell	\$ 627,200	\$ 0
Pierce Pepin Cooperative Services	Towns of Ellsworth, El Paso, Hartland	591,700	0
Pierce Pepin Cooperative Services	Towns of Oak Grove, River Falls, Trimbelle	575,500	0
Pierce Pepin Cooperative Services	Towns of Clifton, River Falls	537,700	0
Pierce Pepin Cooperative Services	Town of Oak Grove	507,500	0
Polk County			
Amery Telcom	Towns of Alden, Balsam Lake, Clayton, Garfield, Lincoln	980,000	0
Starwire Technologies	Towns of Lorain, McKinley	540,100	169,000
Farmers Independent Telephone Company	Town of Sterling	403,300	0
Somerset Telephone Company	Town of Alden	333,200	0
Price County			
Price County Telephone Company	City of Phillips; Towns of Elk, Emery, Hackett, Harmony, Worchester	1,995,000	0
Racine County			
Spectrum Mid-America	Villages of Rochester, Union Grove, Yorkville	629,600	0
Rock County			
Spectrum Mid-America	Town of Janesville	133,700	0
Rusk County			
Bruce Telephone Company	Town of Big Bend	66,200	0
Sauk County			
Reedsburg Utility Commission	Towns of Bear Creek, Franklin	3,757,500	0
Reedsburg Utility Commission	Towns of Honey Creek, Prairie du Sac, Sumpter, Troy	3,600,000	0
Reedsburg Utility Commission	Towns of Baraboo, Freedom, Honey Creek, Westfield	2,362,500	0
LaValle Telephone Cooperative	Town of Woodland	949,500	0
Sawyer County			
Norvado	Town of Lenroot	613,100	0

Grant Recipient, by County	Anticipated Project Location	Amount Awarded	Amount Reimbursed
Shawano County			
Wittenberg Telephone Company	Towns of Almon, Red Spring; Stockbridge-Munsee Reservation	\$ 543,400	\$ 0
Vilas County			
SonicNet	Town of Washington	349,700	0
Walworth County			
Spectrum Mid-America	Cities of Elkhorn, Lake Geneva; Towns of Geneva, Lafayette, Lyons	2,244,500	0
Whitewater Wideband	Town of Lafayette	144,800	0
Washburn County			
Chibardun Telephone Cooperative	Towns of Beaver Brook, Long Lake, Madge, Sarona	4,233,400	0
Waupaca County			
Amherst Telephone Company	Town of Dayton	147,600	0
Multiple Counties			
Chibardun Telephone Cooperative (Counties: Sawyer and Washburn)	Towns of Birchwood, Edgewater; Village of Birchwood	4,093,300	0
Chibardun Telephone Cooperative (Counties: Barron and Washburn)	Towns of Bear Lake, Cedar Lake, Oak Grove, Sarona	3,625,500	0
Northwoods Communication Technologies (Counties: Forest, Oneida, and Vilas)	City of Crandon; Towns of Argonne, Blackwell, Hiles, Laona, Lincoln, Nashville, Three Lakes, Washington; Mole Lake Reservation	2,283,800	0
Nextgen Communications (Counties: Dunn and St. Croix)	City of Glenwood City; Villages of Boyceville, Downing	2,130,600	0
Pierce Pepin Cooperative Services (Counties: Pierce and St. Croix)	Towns of Kinnickinnic, River Falls	804,300	0
Chibardun Telephone Cooperative (Counties: Barron, Rusk, and Washburn)	Towns of Birchwood, Cedar Lake, Wilson	185,500	0
Total		\$99,932,300	\$2,760,100

Response



Public Service Commission of Wisconsin

Rebecca Cameron Valcq, Chairperson
Ellen Nowak, Commissioner
Tyler Huebner, Commissioner

4822 Madison Yards Way
P.O. Box 7854
Madison, WI 53707-7854

August 25, 2022

Mr. Joe Chrisman, State Auditor
Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, WI 53703

Dear Mr. Chrisman,

Thank you for the opportunity to respond to the audit report and recommendations. We appreciate the thorough review your team conducted. The results of your audit confirm the Public Service Commission of Wisconsin (Commission) administers its grant programming to a high standard of integrity. We appreciate you recognizing the robust internal controls our programs have in place in order to assess and prevent any misuse of funds. We believe there is always opportunity to improve in any program, and we appreciate the recommendations from your team.

However, we disagree with the portion of the audit report that states the documents submitted by grant recipients to request reimbursement did not show the actual costs the recipients paid. In total, the auditors reviewed over 400 documents in support of reimbursement requests. It is worth noting that upon review of the over 400 supporting documents, the audit did not find any errors, unallowable expenses, or items purchased outside of the performance period. Each of the reimbursement requests was supported and accurate per the federal guidance and the grant agreement between the Commission and the grant recipient, as discussed below.

The audit offers recommendations related to the grant application and award process. These recommendations are intended to ensure the Commission assesses each application transparently, equitably, and consistently. We will address these recommendations by adding clarifying language to the documents we use in the grant award process. However, we believe it is important to recognize that the Commission's open, deliberative process adds transparency and equity beyond the general standard for grant administration. Of note, just this week the Commission's broadband grant programs were named "Best in Class" in the nation for "clear documentation of their application and award processes" by the United States Department of Commerce, National Telecommunications and Information Administration¹.

The audit also makes recommendations related to the reimbursement process. The Commission disagrees with the auditors' conclusions related to our robust reimbursement process but will work to further clarify existing attestation language and document final report follow-up. Finally, the audit recommends the Commission better document its existing comprehensive monitoring activities and establish written policies for administering the grant program. The Commission agrees with these two recommendations and will work to implement them.

Overview of the Commission and Broadband Programming

The Commission, through broadband grants, invests in construction projects for internet service in areas of the state that are challenging to connect due to population density or geography. These grants improve

¹ See <https://broadbandusa.ntia.doc.gov/sites/default/files/2022-08/Office-Creation-Checklist-for-states.pdf> at 17, August 22, 2022.

broadband access for Wisconsin residents. The Commission has long-standing success administering the broadband expansion grant program supported with state funds since 2014. Commission broadband grants awarded in the past three years alone are providing new or better internet service to more than 387,000 homes and businesses in the state.

In 2020, the Commission administered a grant program funded with Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. The Commission awarded \$5.3 million in CARES-funded broadband expansion grants, which were required to connect locations to new or improved service by December 30, 2020, unless extended. The projects exceeded the initial number of locations expected to be reached by the end of 2020, as they provided new or improved access to service for more than 20,000 homes, businesses, and farms across the state. The Commission is currently administering a grant program funded with American Rescue Plan Act (ARPA) funds. The Commission awarded \$99.9 million in ARPA-funded broadband expansion grants, which are expected to reach completion by December 31, 2024.

The broadband grant program process leverages the tools and processes used in Commission proceedings. Many of these processes are dictated by state law uniquely applicable to the Commission. Both the legal and technical processes employed by the Commission bring additional transparency that is not often seen in grant programs at state agencies. Understanding the underlying Commission processes is necessary when reading the audit report and considering the recommendations made by the auditors.

The Commission is composed of three full-time Commissioners who must convene in Open Meetings to deliberate on matters before them, including the awarding of broadband grants. As required by state law, the Open Meetings are publicly noticed and open to the general public. The decisions made by Commissioners at the Open Meeting are memorialized in written Orders. Commission staff offer their expertise and serve only in advisory roles to the Commissioners. This includes assisting the Commissioners with preparing for Open Meetings by writing staff memoranda that summarize relevant issues and documents. The Commission staff memoranda and other associated documents are available to the public via the Commission's electronic records filing system.

In the context of the grant program, Commission staff spend a significant amount of time preparing application instructions, performing outreach and information sessions with potential applications, reviewing applications, and preparing a staff memorandum with a merit ranking of the applications for the Commissioners to consider when making award decisions. All of these efforts result in a robust, easy to understand public record that the Commissioners use to make award decisions during an Open Meeting. The Commission's deliberations when deciding on which grants to fund can be watched, listened to live, or watched on replay. Commission staff then prepare a publicly available Order that summarizes key elements of the Open Meeting discussion and award decisions.

Application and Award Process

For the CARES grant round, entities that submitted eligible applications in the 2020 state-funded grant round that were not awarded funds were allowed to apply to be considered for CARES funding. The audit report highlighted the Commission did not require telecommunication providers to indicate the upload and download speeds of their proposed projects. We disagree with this statement. The application instructions required applicants to reference their previous grant round application, which included details on proposed project speeds, and identify any changes to the proposed scope. Therefore, contrary to the language in the audit report, the Commission did require providers to indicate proposed project speeds in the CARES applications. Additionally, this information flowed through to the project scope in the grant agreement and minimum project speeds were required to be met upon project completion.

The ARPA application instructions included eligibility information as well as the factors that the evaluation panel would use when preparing a merit list. The factors were based on federal requirements as well as other items that have been used in previous state-funded grant rounds. The application instructions clearly stated that the evaluation panel would review the applications and prepare a merit ranking, which would be provided to the Commissioners for their consideration as one possible outcome.

The panelists independently reviewed all applications before coming together to agree on a merit list. The notes on any initial scores or merit ranking assigned by the individual panelists were not distributed to the other panelists. Panelists relied upon their personal notes for reference in order to participate in the group discussion. As such, these personal notes do not meet the definition of a “record” under the public records law and did not need to be collected or retained.

Developing a merit ranking or various merit ranking options to facilitate the Commissioners’ discussion is a challenging task and requires the panelists to consider many factors. The Commission received many meritorious applications requesting funds far in excess of available funding. Additionally, some of the applications proposed projects in the same geographic area. These factors only make the merit ranking development process more challenging and nuanced and may require the panelists to consider additional information beyond factors that can be provided as flat criteria in the application instructions. For example, the panelists may need to find the most strategic mix of viable applications to recommend that maximizes coverage, minimizes duplication, and addresses most urgent internet needs. Depending on the mix of applications submitted, project features that meet those intersecting priorities will vary. Commission staff memorialized the panelists’ discussion and final merit ranking in a publicly available staff memorandum that is available to the Commissioners for their consideration when making awards.

It is important to note that the Commissioners are not bound by the panel’s merit ranking when making award decisions nor are they required to strictly abide by only the factors outlined in the application instructions. Determining whether a proposed project should be awarded a grant requires a high degree of discretion, judgment, and technical analysis. Such decisions involve intertwined legal, factual, value, and public policy determinations. The Commission, as the finder of fact and decision maker, is charged with evaluating all of the information and applying any relevant statutory and federal criteria to reach a well-reasoned decision. In doing so, the Commission uses its experience, technical competence, and specialized knowledge.

The audit recommends that the Commission consistently comply with the grant application instructions; collect and retain the panelists’ scores, or specify the precise method it will use to review the applications, if it does not intend for applications to be scored; and specify in writing its reasons for awarding grants to projects not recommended by the panel. To address the recommendations, the Commission will work to identify ways to incorporate additional language into future application instructions to explain the discretion that is afforded to the Commissioners. The Commission will also work to identify ways to clarify the merit ranking development process. Finally, the Commission will find ways to add information to the Order to further explain award decisions.

Reimbursement Requests

We disagree with the audit’s characterization of the reimbursement request documents submitted by grant recipients and reviewed by Commission staff. All reimbursed amounts were properly supported, per the grant agreement and federal guidance.

The audit report indicates that the Commission did not require grant recipients to attest that the reimbursement requests were for amounts they had actually paid to construct the projects. This is inaccurate. The grant recipients were required to attest that the reimbursement requests complied with the

terms of the grant agreement, were related to the projects and were properly supported. The grant agreement contains a provision indicating that *“invoices will be used to document the actual purchase price of an item.”* Therefore, by attesting to grant agreement compliance, the grant recipients attested that the reimbursement requests were for amounts actually paid. Additionally, the attestation and grant agreement language is legally enforceable and the Commission has the ability to claw back any reimbursement amount determined to be in excess of the purchase price. Of the more than 400 supporting documents for reimbursement reviewed during the audit, none were identified as requiring claw back of funds.

Most of the supporting documents obtained and reviewed for the reimbursement requests were invoices, which are a generally accepted form of documentation for grant reimbursements, and, per the grant agreement, documented the purchase price. The dated invoices provided detailed information on the goods or services that were purchased.

Federal guidance requires grant recipient costs to be incurred, meaning that the amounts were obligated. Commission staff developed strong internal controls over the reimbursement request process to ensure that grant recipients only received reimbursement for federally allowable costs that were within the project budget and scope. For example, Commission staff used an internal review checklist to document the review of the reimbursement requests, which, among other things, included verifying that the expenses are eligible costs, were incurred within the performance period, and were properly supported. The strength of the Commission’s processes is reflected in the fact that the audit did not identify any federally unallowable costs; costs incurred outside of the performance period, project scope or budget; or any other errors in the reimbursement amounts.

The auditors’ concern is that a detailed review of invoices, which provided assurance that the costs are federally allowable costs within the project performance period, scope and budget, does not provide assurance that the requested amounts were actually paid by the grant recipients. The report indicates that recipients should submit invoices that include information, such as stamped or handwritten notations, indicating the recipients actually paid the amounts listed on the invoices. The current reimbursement request attestation language provides the same level of assurance as a stamped or handwritten notation that the amounts have actually been paid.

The report also notes that the Commission reimbursed a CARES grant recipient even though they did not report project speeds, which was a subset of one of the many questions on the final report. The provider did submit a final report answering all other questions. This provided sufficient evidence to determine the project speeds and for Commission staff to verify project completion in accordance with the project scope.

The audit recommends that the Commission reimburse grant recipients only after they submit documents indicating the amounts they had actually paid and reimburse recipients only after they report all required information. The current reimbursement request attestation language already provides assurance that the submitted documents indicate amounts actually paid. To address the recommendations, the Commission will work to clarify even further the attestation language surrounding documentation of amounts actually paid. The Commission will also document how it addressed any items missing from final reports prior to final grant reimbursement.

Oversight of Grant Projects

Given the short performance period of the CARES broadband grants, Commission staff spent a significant amount of time monitoring project status and ensuring project completion. This included requiring and reviewing interim status reports and final reports. Final reports included service coverage

maps, number of customer locations served, project speeds, detail on the infrastructure that was built, customer information, service offerings or discounts, and photographs. Commission staff's review of the final report included contacting customers listed on the final report to ensure that they received the service.

Commission staff also anonymously contacted providers and requested service at an address in the service territory. If a project had a public partner, such as a county, staff also reached out to the partner to discuss the project. Finally, as noted above, the Commission required invoices or other documentation to support all program expenditures, which provide evidence of the equipment used and work performed. The dates on the invoices provided additional information on the project timeline. Final grant reimbursements were only made once Commission staff was satisfied that the project had been completed according to the scope and within the required timeframe.

For the ongoing ARPA projects, Commission staff will be conducting desk reviews, site visits, and other monitoring activities both during the grant award performance period and prior to final reimbursement. Commission staff is working to finalize processes in these areas.

The Commission's strong oversight of grant projects and commitment to program integrity is evidenced by the fact that the audit did not identify concerns with the Commission's monitoring activities. The audit does recommend that the Commission better document these monitoring efforts. To address the audit recommendation, Commission staff will ensure that all of its comprehensive monitoring activities are properly documented in a spreadsheet or additional checklist prior to final grant reimbursement.

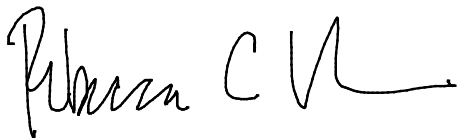
Program Policies

Against the legal backdrop of various procedural requirements the Commission must follow, the Commission uses many different resources and reference documents to administer the broadband grant programs fairly and consistently and in accordance with federal requirements. This includes application instructions and grant agreements, as well as procedural documents and checklists. At the time of the audit, many of the ARPA grant agreements had only recently been signed and very few grant projects had started. Additionally, relevant federal guidance had only recently been received. Commission staff developed policies and procedures as federal requirements were received.

The audit recommends that the Commission establish written policies for administering broadband expansion grant programs. To address the audit recommendation, staff will continue to develop and maintain written policies.

Thank you again for the opportunity to respond to the audit report and recommendations. The Commission is committed to continued program improvement and will take the steps outlined above to further enhance grant program administration. We will report to the Joint Legislative Audit Committee by November 15, 2022, on the status of our efforts to address the audit recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Rebecca Cameron Valcq". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rebecca Cameron Valcq
Chairperson
Public Service Commission of Wisconsin