



The Broadband Pole Replacement Program and Fund at the Office of the Comptroller of Public Accounts

- The Office ensured that all replaced poles were in Texas and installed during eligible time frames, and the associated costs were reasonable. However, it did not have a process to independently verify the location of replaced poles or specific costs.
- The Office verified that the 31 applications funded were complete and the applicants were eligible.

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State Auditor

The Office of the Comptroller of Public Accounts (Office) had certain processes in place to administer the Broadband Pole Replacement Program and Fund in compliance with Texas Government Code. Those processes included a two-part review for all submitted applications: the Pole Location Review and the Application Review. However, it did not have a process to independently verify that the replaced poles were in unserved areas, as required, and that the associated costs were supported.

The Broadband Pole Replacement Fund was established with \$75.0 million to provide reimbursements to eligible applicants. As of August 2025, the Office had paid \$28.3 million for replaced poles, which is 38 percent of the total Program funds.

- [Background](#) | p. 3
- [Audit Objective](#) | p. 10

This audit was conducted in accordance with Texas Government Code, Section 403.553.

MEDIUM

POLE LOCATION AND COST REVIEW

The Office conducted Pole Location Reviews to determine whether the 19,066 replaced poles were in Texas and costs were reasonable. However, it did not have a monitoring process to independently verify that the poles were in unserved areas or that applicants' self-reported pole replacement costs were accurate.

[Chapter 1 | p. 5](#)

LOW

APPLICATION REVIEW AND PAYMENTS

The Office conducted Application Reviews to verify that the 31 applicants provided the required documentation and met the criteria to receive the reimbursement. In addition, the Office's payments to awardees were timely and in accordance with the award amounts.

[Chapter 2 | p. 8](#)

Summary of Management's Response

Auditors made a recommendation to address the issues identified during this audit, provided at the end Chapter 1 in this report. The Office agreed with the recommendation.

Ratings Definitions

Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

PRIORITY: Issues identified present risks or effects that if not addressed could *critically affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

HIGH: Issues identified present risks or effects that if not addressed could *substantially affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

MEDIUM: Issues identified present risks or effects that if not addressed could *moderately affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

LOW: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks *or* effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on the methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

Background Information

Broadband Pole Replacement Program at the Office of the Comptroller of Public Accounts

The Texas Broadband Pole Replacement Program (Program) was established in September 2021 to speed the deployment of broadband services to individuals in rural, unserved areas. In November 2023, Texas voters passed Proposition 8, which dedicated \$75 million to the Broadband Pole Replacement Fund (Fund) to support the Program.

The Office of the Comptroller of Public Accounts (Office) administers the Program by providing reimbursement from the Fund to eligible applicants for a portion of eligible pole replacement costs.

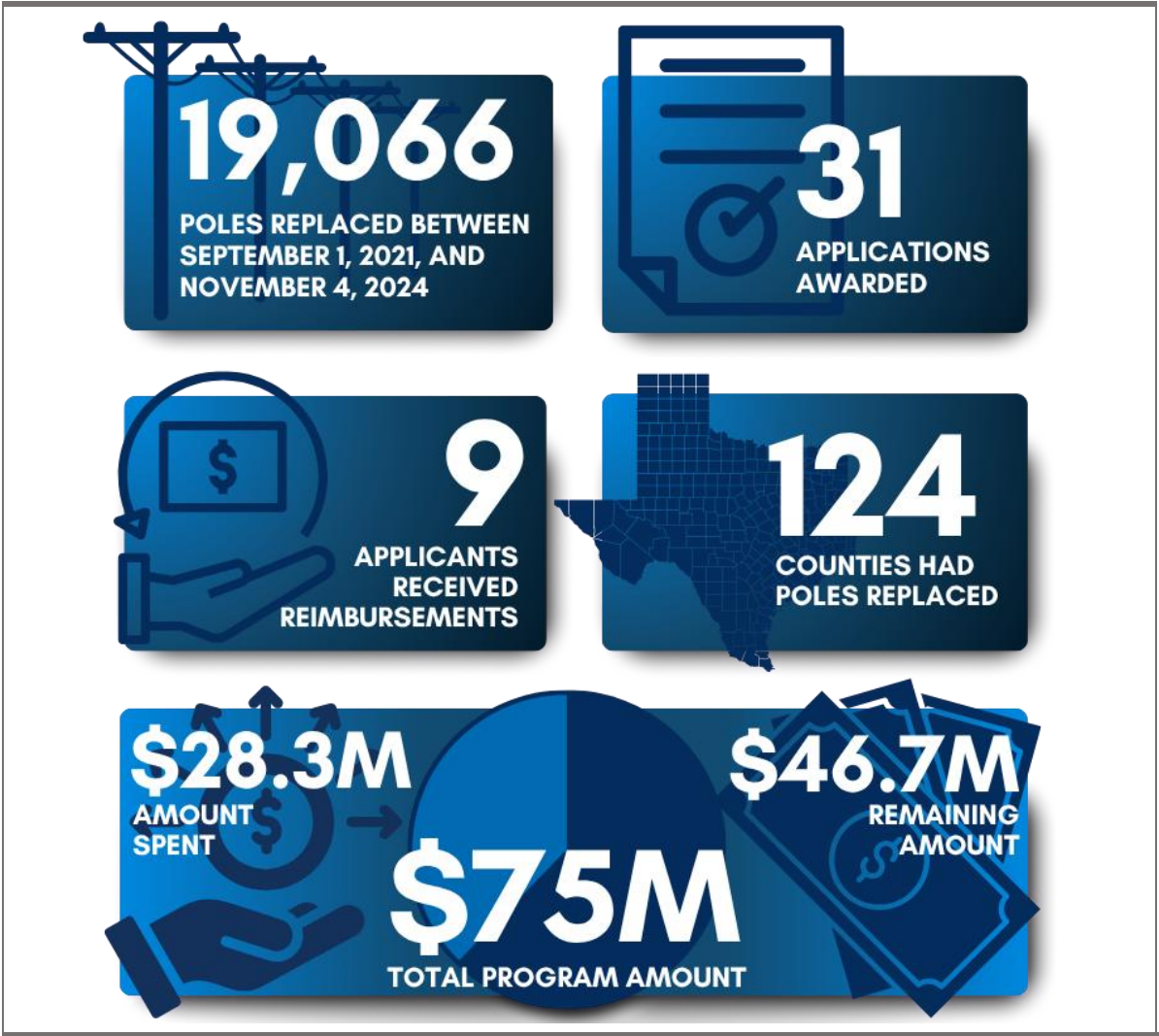
Program Activity

The Office conducted two rounds of applications, in September 2024 and January 2025. The Office had a two-part review process for all submitted applications: the Pole Location Review and the Application Review (see [Chapter 1](#) and [Chapter 2](#) for more information about those reviews).

As of August 2025, the Office had approved all applicants that requested reimbursements. In total, the Office awarded Program funds for 31 applications (see Figure 1 on the next page).

Figure 1

*Broadband Pole Replacement Program Status
as of August 2025*



Source: The Office.



MEDIUM

Chapter 1 Pole Location and Cost Review

The Office of the Comptroller of Public Accounts (Office) had certain processes in place to administer the Broadband Pole Replacement Program (Program) in compliance with Texas Government Code. Those processes included a two-part review for all submitted applications: the Pole Location Review and the Application Review (see [Chapter 2](#) for information about the Application Reviews).

The Office's Pole Location Reviews verified that all replaced poles were in Texas and the associated costs were reasonable.

The Office conducted a Pole Location Review for all applications according to its procedures starting with the first Notice of Funding Award in September 2024 (see text box for description of this review). The reviews determined that the approximately 19,000 poles replaced across the 2 rounds of funding were within Texas state lines, as required, and installed during the eligible time frames. In addition, the Office appropriately identified errors in the applications, such as duplicate poles, and identified instances in which the costs per pole may not be reasonable. For applications listing locations or costs that were in question, the Office requested a correction of the application through a new application submission.

In addition, the Office required applicants to submit notarized affidavits certifying compliance with Texas Government Code, Section 403.553. Those requirements include installing poles only in unserved areas and retaining documentation to justify the reimbursement amount requested. The Office received those required affidavits for all applications funded.

Pole Location Review

The Office's Pole Location Review verifies that the poles are located within Texas and the costs associated with each pole are reasonable under the limits set by Texas Government Code. Reimbursement for pole replacement costs is the lesser of 50 percent of eligible expenses or \$5,000 per pole.

Sources: The Office and Texas Government Code, Chapter 403.

As of August 2025, the Office had not implemented a process to independently verify costs and that replaced poles were in unserved areas.

As discussed on the previous page, the Office required applicants to submit an affidavit certifying compliance with requirements. However, the Office did not independently verify that the replaced poles were in unserved areas (see text box)¹. As of August 2025, the Office had not collected underlying support for the applicants' self-reported pole replacement costs or conducted on-site verification of pole locations.

The Office asserted that it is currently in the process of developing a monitoring plan that could include independent verification of pole location and costs. The grant agreements signed by all recipients include provisions for such monitoring.

According to the applicants' self-reported information, of the 19,066 poles replaced in Texas under the Program, 11,628 poles (61 percent) were in 7 counties. The remaining 7,438 poles (39 percent) were spread throughout 117 other counties (see Figure 2).

Unserved Areas

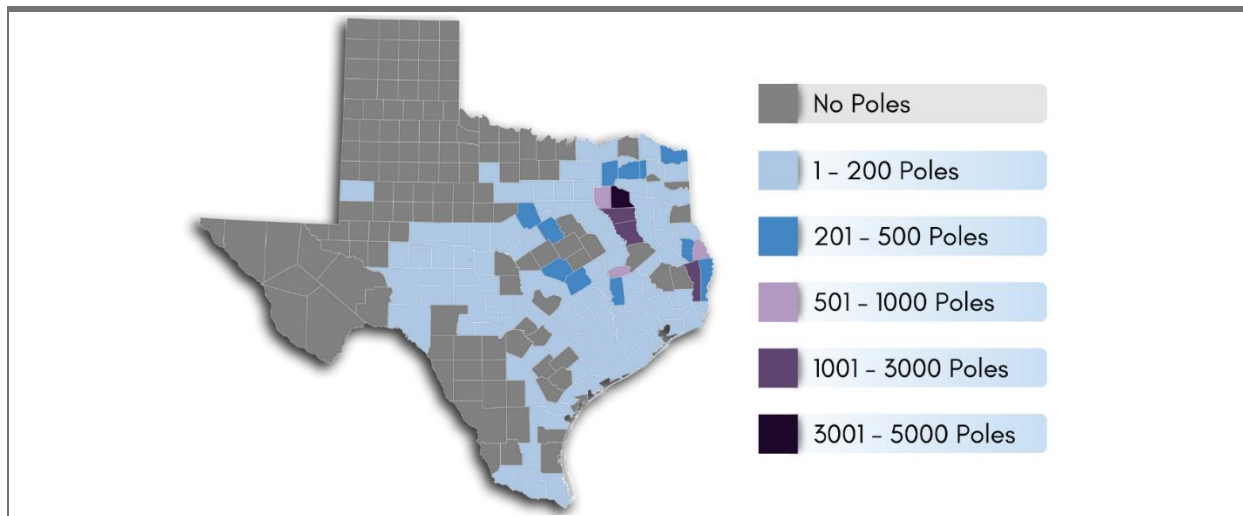
For the purposes of the program, the Texas Government Code defined an "Unserved Area" as a location that lacked access to a retail fixed, terrestrial, wireline, or wireless Internet service capable of providing:

- a download speed of 25 megabits per second or faster; and
- an upload speed of 3 megabits per second or faster.

Source: Texas Government Code, Section 403.553(a)(4).

Figure 2

Replaced Broadband Poles Between September 2021 and November 2024



Source: The Office.

¹ This does not reflect changes to the Texas Government Code, Section 403.553(a)(4), approved by the 89th Legislature.

Recommendation

The Office should develop and implement a monitoring plan to verify that replaced broadband poles are in unserved areas and the costs are supported for all paid and upcoming applications.

Management's Response

Views of Responsible Officials:

The Comptroller's Office acknowledges and agrees with the finding.

Corrective Action Plan:

In January 2025, the BDO secured a contract with a qualified vendor, KPMG, to deliver monitoring services supporting grant programs administered by the Office. These services include coordinating all required compliance and monitoring activities necessary to administer the Pole Replacement Program. KPMG initiated its delivery of preliminary monitoring services for grant programs administered by the BDO in July 2025, by supporting the development of a grant monitoring plan. This plan includes monitoring requirements for the Pole Replacement Program and was finalized by the BDO in August 2025.

In September 2025, the BDO initiated the first phase of its grant monitoring plan with the performance of assessment activities designed to identify the level of risk associated with all grant recipients. The results of this preliminary assessment will be utilized during subsequent phases of the grant monitoring plan to elevate potential risks in the Pole Replacement Program that require additional or specialized attention. The recommendations provided by the SAO in the audit will be incorporated into the BDO's grant monitoring plan during subsequent phases to provide additional verification that the locations of reimbursed poles occupy unserved areas, as well as verification of the eligibility of costs incurred by grant recipients.

Implementation Date: January 2026

Responsible Party: Broadband Development Office Director

LOW

Chapter 2

Application Review and Payments

The Office's Application Reviews verified that the 31 applications funded were complete and the applicants were eligible.

Applications Reviewed. The Office appropriately reviewed and approved the 31 completed applications submitted for a reimbursement award (see text box for description of this review). Specifically, the Office verified that the applicant provided the required documentation and met the criteria to receive the reimbursement. An applicant was eligible to apply for a reimbursement award if the applicant:

- Was a pole owner or a provider of qualifying broadband service;
- Paid or incurred eligible costs after August 31, 2021, for removing and replacing an existing pole in an unserved area for the purpose of accommodating the attachment of an eligible broadband facility; and
- Met the eligibility criteria in the Notice of Funds Availability. This included providing information regarding the applicant, pole replacement details, and payment amount requested.

The Office appropriately identified that revised or additional documentation was needed for 20 applications and asked for resubmitted applications.² This included requesting additional information about or modifications to the locations or costs of the replaced poles, as well as requesting an updated affidavit or contact list. The revised applications were approved as part of the 31 total awarded applications.

Application Review

The Office's Application Review is designed to determine whether applicants are eligible to receive reimbursement for replaced poles from the Program under Texas law and under requirements set in the Notice of Funds Availability.

Source: The Office.

² One application was resubmitted twice.

The Office complied with requirements to inform applicants within 60 days of receiving the application whether the reimbursement award would be granted. In addition, grant agreements were completed within required timeframes.

Reimbursements Paid. The 31 payments the Office made to awardees were timely and in accordance with the award amounts. Eligible pole replacement costs included expenditures to remove and dispose of an existing pole, purchase and installment of a replacement pole, and transfer of any existing facilities to the new pole. The Office reviewed the amounts before the reimbursement was paid.

As of August 2025, the Office had paid \$28.3 million for replaced poles, which is 38 percent of the total \$75.0 million in Program funds available for reimbursement awards.



Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether the Office of the Comptroller of Public Accounts (Office) has processes and related controls to administer the Broadband Pole Replacement Program (Program) and the Broadband Pole Replacement Fund (Fund) in accordance with applicable requirements.

Scope

The scope of this audit included applications submitted, grants awarded, and payments made for the Program from September 3, 2024, through May 31, 2025.

The scope also included a review of significant internal controls related to the Office's reimbursement application and review processes.

The following members of the State Auditor's staff performed the audit:



- Ann E. Karnes, CPA (Project Manager)
- Matthew Page (Assistant Project Manager)
- Victor Isoh, MPA, CFE
- Daniel Johnson, CFE
- Emilie Scanlon
- Dana Musgrave, MBA, CFE (Quality Control Reviewer)
- Jeannette Quiñonez Garcia, CPA (Audit Manager)

Methodology

We conducted this performance audit from May 2025 through September 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to Office management for consideration.

Addressing the Audit Objective

During the audit, we performed the following:

- Interviewed Office staff and reviewed policies to gain an understanding of the application, review, and payment processes.
- Identified the relevant criteria:
 - Texas Government Code, Chapter 403.
 - Texas Administrative Code, Title 34, Chapter 16.
 - The Office's policies and procedures.
- Analyzed the provided application template to determine whether the calculated fields were accurate.
- Tested the following:
 - The Office's Application Review process to determine whether the Office reviewed all applications for completeness and eligibility in accordance with applicable requirements.
 - The Office's Pole Location Review process for all applications to determine whether the requested broadband pole replacements were in compliance with applicable requirements.

- The 20 resubmitted³ applications to determine whether the Office identified reasons for requesting changes to the application and whether the resubmitted application addressed the original application issues noted.
- All 31 approved applications to determine whether the notification of award, grant agreement, and payments were conducted within required time frames.
- All 31 grant payments, totaling \$28.3 million, to verify consistency and accuracy between the application, grant agreement, and the award.
- User access to Salesforce, a commercial customer relationship management software used by the Office to manage Program applications, to determine whether all 39 internal and external users related to the pole replacement program module had reasonable access permissions.

Data Reliability and Completeness

To determine data reliability and completeness, auditors (1) reviewed data queries and report parameters, (2) analyzed the populations for reasonableness and completeness, and (3) conducted testing of Salesforce user access. Based on that work, auditors determined that the following data sets were sufficiently reliable for the purposes of the audit:

- Reports generated by Salesforce, including a list of all poles replaced, a list of all applications, and the population of employees and applicants with active access.
- Data downloads from the Federal Communications Commission's national broadband map.
- Payments from the Uniform Statewide Accounting System for the Fund.

³ One application was resubmitted twice.

Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.



Copies of this report have been distributed to the following:

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The Honorable Dustin Burrows, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Office of the Comptroller of Public Accounts

The Honorable Kelly Hancock, Acting Comptroller of Public Accounts

Ms. Lisa Craven, Deputy Comptroller of Public Accounts



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