



DOCUMENTATION REQUIREMENTS FOR GRANTEES ON COST REIMBURSEMENT METHOD OF PAYMENT

GENERAL GUIDANCE

Under the Cost Reimbursement method of payment, the grantee is required to finance its operations with its own working capital. The NEA will release payments to reimburse the grantee for actual cash disbursements supported by adequate documentation. Costs are only reimbursed when required matching costs have also been incurred and paid.

The following instructions have been assembled by the Office of Inspector General (OIG) and the Grants & Contracts office (G&C) to assist grantees who have been placed on the Cost Reimbursement method of payment in requesting reimbursement of allowable costs incurred and paid under a grant. These instructions should be followed for every Payment Request form submitted to the NEA while the grantee is on this method of payment. **If the grantee does not follow these requirements, we will be unable to review and process the submitted reimbursement request, and the entire request will be returned.**

Contact either G&C at grants@arts.gov or OIG at (202) 682-5402 if you have any questions.

SPECIFIC GUIDELINES

For the NEA to efficiently process the grantee's Payment Request for reimbursement, it is essential that you follow the specific guidelines provided below:

A. Submitting the Payment Request for Advance or Reimbursement (Payment Request)

All grantees are required to use the NEA Payment Request form. While on the Cost Reimbursement payment method, please check "reimbursement" on the form and not "advance." Requests must be cumulative, and reflect any NEA funds previously drawn down for the award.

B. Allowable Costs

Payment Requests must reflect only allowable project costs that were incurred and paid within the period of performance for the award. If you are unsure whether a particular expenditure is allowable, consult your approved project budget (included in your award notice or as amended), the 2015 General Terms & Conditions for Grants and Cooperative Agreements to Organizations (General Terms), and OMB 2 CFR 200 Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as necessary.¹

¹ OMB 2 CFR 200 *Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.¹ The guidance supersedes and streamlines OMB Circulars A-21, A-87, A-110, A-122, Circulars A-89, A-102, A-133 and Circular A-50. See http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

C. Appropriate Forms of Transaction Documentation

To be reimbursed for allowable expenses, the grantee must provide evidence that costs were both incurred and paid. Generally, this transaction documentation will take the form of:

- A copy of a cancelled check/electronic copy or other document supporting that the transaction was executed; e.g., bank statement, electronic reference, etc. All copies of cancelled checks submitted should include both the front and back of the check. If the back side is not available, a copy of the respective bank statement or online statements can be substituted. (Reimbursement of wages and fringe benefits, must be based on records that accurately reflect the work performed (see Personnel Expenses - see part F below.)
- Submission of a credit card statement is **not** sufficient documentation of an incurred and paid cost unless you are able to provide supporting documentation such as a contract, purchase receipt or invoice **and** a subsequent statement verifying the account balance was paid in full no later than 90 days after the period of performance end date.

If the credit card account carries a balance, only the pro-rated portion of the expenditure in relation to the outstanding balance will be allowed.

For example: A performance fee of \$2,000 was charged to a credit card. The next statement shows a payment in the amount of \$5,000 on an outstanding balance of \$20,000. Therefore, only \$500 can be submitted for reimbursement.

$$\begin{aligned} \$5,000 \div \$20,000 &= .25 \\ .25 \times \$2,000 &= \$500 \end{aligned}$$

D. Summary Cover Sheet and Supporting Documentation

You must include a Summary Cover Sheet with each request, which has a list of all expenditures for which you are requesting reimbursement and any required match.

The Summary Cover Sheet must include the following information:

- date and type of transaction (e.g., check or charge, including check number or statement);
- payee;
- amount of expense;
- form of supporting documentation (e.g., invoice, receipt, contract, personnel activity report, etc.); and
- a brief explanation of the purpose of the expense (see suggested format in Attachment 1).

The Summary Cover Sheet must be accompanied by supporting documentation as described in Part C, which is arranged in the same order as the expenditures identified on the Summary Cover Sheet.

Documentation must be complete, accurate, well-organized, and legible. Pages should be numbered or grouped to facilitate cross-referencing of the Summary and supporting documentation.

Other tips:

- (1) Date Check Written/Charge Incurred. Provide the date that the check was written or the charge was incurred/made.
- (2) Payee. Identify to whom the check was written or charge was made.
- (3) Total Amount of Expense. Identify the total amount of the expense reflected in the corresponding transaction. If the total amount of the payment is different than the amount listed in the supporting documentation, you must provide an explanation by footnote. See Attachment 1.
- (4) Forms of Documentation. Identify the type of supporting documentation (e.g., invoice, contract, receipt, payroll record, personnel activity reports, etc.).
- (5) Explanation. Provide a brief explanation of the purposes for which the costs were incurred.

E. Matching Requirements

Unless noted on the grant award letter, all grants are 1:1 ("dollar for dollar") matching awards. The grant matching requirement is directly related to the amount of funds for which you may be reimbursed by the NEA. For example, if the grant has a 1:1 matching requirement, the NEA can only reimburse you for 1/2 of the costs documented.

F. Personnel Expenses

OMB Uniform Guidance 2 CFR 200.430 (i)(1) Standards for Documentation of Personnel Expenses requires salary and wage expenses to be based on records that accurately reflect the work performed. The records must be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, properly allocated and reflect the total activity for which the employee is compensated.

The Summary Cover Sheet should indicate the total amount of wages and fringe benefits, the net amount of the pay check, and the amount of wages and fringe benefits applicable to the grant. The amount (or percent) of time each individual devoted to the specific NEA project for which reimbursement is requested must be easily identifiable.

The NEA reserves the right to require **Personnel Activity Reports** or equivalent documentation to determine that salary and fringe charges are pro-rated to reflect only the allowable amount, per 2 CFR 200.430 (i)(8). (Note: A sample Personnel Activity Report template can be found at <http://arts.gov/grants/manage-your-award>. You can create your own version, if the required information is captured.)

G. Use of In-kind Contributions

The use of in-kind contributions (e.g., services, goods or facilities that are donated to the grantee from a third-party, for which a fair market value can be established) can be used for matching purposes if they are included in the approved budget and the use and value of such contributions are properly documented (see a sample template on NEA's website at www.arts.gov/manageaward). The NEA reserves the right to disallow any expenditure that is not adequately documented or is in excess of reasonable costs for the services, facilities, or goods provided. Detailed information on in-kind contributions is located in 2 CFR 200.306(d-j).

H. Use of Prepared Financial Reports

If the grantee uses an automated accounting system that separately tracks expenses associated with the project or activity supported by the NEA, a copy of such documentation may be submitted in lieu of the Summary Cover Sheet with each Payment Request, however, all of the required information listed above must be reflected on the report.

I. Certification and Submission

The Summary Cover Sheet must be signed and dated by both the preparer and an authorizing official other than the preparer. Send it, along with the Payment Request form, to the grants@arts.gov. If submitting hard copies send to: National Endowment for the Arts, c/o Grants & Contracts Office, 400 7th Street SW, Washington, DC 20506. (Note: USPS screening procedures can cause significant delays in delivery; we recommend using an overnight delivery service, NOT U.S. Mail.)

Note: Protection of Personally Identifiable Information (PII). Per 2 CFR 200.303, you **must** safeguard protected personally identifiable information; therefore, we redact all Social Security Numbers and other sensitive information from your documentation.

REMOVAL FROM THE COST REIMBURSEMENT DOCUMENTATION REQUIREMENTS

The grantee should notify the OIG as soon as the recommendations prescribed in the Audit Report have been met and its fiscal systems and/or financial condition have improved. At that time, the OIG will request additional information in order to make a determination as to whether the grantee can return to the regular method of payment.

If the grantee does not implement corrective actions and improve its financial condition by the deadline, as indicated on the grantee's notification of placement on the reimbursement method of payment, eligibility for future funding will be jeopardized.

Instructions for Removal from Alternative Method of Payment can be found on the NEA OIG's website www.arts.gov/oig/guidance.

ATTACHMENT

Review the attached Summary Cover Sheet example. It is included for your use. Remember that you **must** include a Summary Cover Sheet with **each** reimbursement request that is submitted to the NEA.

SAMPLE SUMMARY COVER SHEET: For Grantees on the Cost Reimbursement Method of Payment

Organization: _____

GRANT #: ____ - ____ - ____.

	Transaction Type	Check #, Charge or Debit Card, Payroll.	Payment Date	Payee	Total Amount of Expenses Claimed	Type of Documentation	Explanation – Expense Type
1	Check	101	7/01/20xx	John Rourke	\$150. ^{1/}	PARS	Salary – Asst. to Director
2	Check	102	7/05/20xx	Thomas' Craft and Art World	\$112.65	Receipt	Supplies – marketing.
3	Charge	Visa Card	7/05/20xx	Polly's Chamber Group	\$500. ^{2/}	Contract and Visa Statements	Performance Fees.
4	Check	104	7/12/20xx	All Stars Lights Company	\$150.00 ^{3/}	Contract	Light Rental.
5	Charge	Visa Card	7/12/20xx	Theatre Down the Street	1,500.	Invoice	Venue Rental Fee.
6	Check	105	7/12/20xx	Big Daddy's Hardware	\$284.27	Receipt	Supplies – hardware.

^{1/} Gross salary was \$600.00; net check was \$400.00; claiming \$150.00 which is 25% of time spent on grant.

^{2/} Performance fee in the amount of \$2,000 paid with credit card in June. July statement shows \$5,000 payment on \$20,000 outstanding balance. Reimbursable amount: \$500.

^{3/} Check total \$200, but includes \$50 payment on a previous billing unrelated to current grant.

Prepared by:

 Name and Title Signature Date

Reviewed and Approved by:

 Name and Title Signature Date