

All awards made after October 2017 are managed by awardees via the National Endowment for the Arts' **eGMS | REACH** online awards system, usually referred to as **REACH**.



To request award funds, first read through these instructions as well as the **How to Manage Your National Endowment for the Arts Award and eGMS REACH Handbook** and the **Payment Instructions** at <https://www.arts.gov/grants/manage-your-award>.

If your organization (or, in some cases, a specific award) is on the cost reimbursement method of payment there will be a warning visible in the "Notice" section of the grant under MY AWARDS in **REACH**.


 Notices


 Warning:  
Cost Reimbursement Method of Payment

In addition, the Terms and Conditions on the Documents Tab will include specific terms regarding this requirement.

Your organization is required to submit supporting documentation under the cost reimbursement method of payment and 2 CFR 200.334 requires you to keep all records for a period of three years from the date of submission of the final Federal Financial Report. This includes financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award.

## **GENERAL GUIDANCE FOR THE COST REIMBURSEMENT METHOD OF PAYMENT**

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

The following instructions have been assembled by the Office of Inspector General (OIG) and the Office of Grants Management (OGM) to assist awardees who have been placed on the cost reimbursement method of payment in requesting reimbursement of allowable costs incurred and paid under an award. These instructions should be followed for every payment request submitted to the Arts Endowment while the awardee is on this method of payment.

## **PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION (PII)**



Per 2 CFR 200.303, you ***must*** safeguard protected personally identifiable information (PII); therefore, redact all Social Security Numbers, banking information, and other sensitive information from your documentation.

**If the awardee does not follow these requirements, we will be unable to review and process the payment request, and it will be denied. You will be notified to re-submit an acceptable package.**

Contact either OGM at [grants@arts.gov](mailto:grants@arts.gov) or OIG at (202) 682-5402 if you have any questions.

## SPECIFIC GUIDELINES

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For the Arts Endowment to efficiently process a payment request, it is essential that you follow the specific guidelines listed below:

### A. **Submit a Payment Request via REACH**

All awardees are required to submit payment requests via REACH. Go to the Payments Tab and read the Payment Request Instructions for guidance on completing the form. Click on the ADD PAYMENT REQUEST button to fill out the form.

While on the cost reimbursement payment method, you must check "reimbursement" on the form and not "advance." Requests must be cumulative, and reflect any Arts Endowment 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, refer to:

- **Terms and Conditions** file on the Documents Tab to see the date of the budget approved by the Arts Endowment and if the NEA made any changes to the costs included in your budget;
- **General Terms and Conditions for Grants and Cooperative Agreements** available in the [Manage Your Award](#) section of the NEA website; and/or
- **[2 CFR 200 Uniform Guidance](#)**: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

### C. **Appropriate Forms of Transaction Documentation**

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

- **A copy of a canceled check/electronic copy or other document supporting that the transaction was executed; e.g., bank statement, electronic reference, etc.** All copies of canceled 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 - Part F below.)
- **Submission of a credit card statement and supporting documentation.** 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.
- **Debit card transactions** can be supported with the receipt or invoice and the bank statement highlighting the transaction.

### D. **Summary Cover Sheet and Supporting Documentation**

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

See **Attachment 1** for a sample of a completed cover sheet.

**(1) SUMMARY COVER SHEET**

You must include a Summary Cover Sheet with each payment request that is submitted to the Arts Endowment. The Summary Cover Sheet must include the following information:

- **Date of transaction** – this is the date the check was written or the charge incurred.
- **Type of transaction** – check, credit card, etc.
- **Payee** – identify to whom the check was written or charge was made.
- **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 in a separate column. See Attachment 1.
- **Form/Type of supporting documentation** - invoice, receipt, contract, personnel activity report, etc.
- A brief **explanation of the purpose** of the expense

**(2) SUPPORTING DOCUMENTATION**

The Summary Cover Sheet must be accompanied by supporting documentation as described in **Part C**. The supporting documentation must be 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.

**E. Cost Share/Matching Requirements.**

Unless noted on the Notice of Action and/or the Terms and Conditions document, all awards require a one-to-one ("dollar for dollar") cost share or match.

The cost share/matching requirement is directly related to the amount of funds for which you may be reimbursed by the Arts Endowment. The Arts Endowment will only release half the amount of the total allowable and allocable expenses supported by documentation.

This means if the award has a one-to-one cost share/match, we can only reimburse you for half of the total costs documented up to the full amount of the award. For example, if you have a \$25,000 award, in order to draw down the full amount of the award you must have documentation of allowable and allocable expenses of at least \$50,000.

**F. Personnel Expenses**

The 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 salary/wages and fringe benefits,
- Net amount of the paycheck,
- Portion of the amount of salary/wages and fringe benefits allocable to the award. For example, the employee's total paycheck is for \$1,000 but the amount allocable to the award is \$323,
- Amount (or percent) of time each individual that is directly allocable to the specific Arts Endowment award.

The Arts Endowment 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). A sample Personnel Activity Report template can be found at [www.arts.gov/manage-your-award/awards-after-oct1-2017-to-organizations](http://www.arts.gov/manage-your-award/awards-after-oct1-2017-to-organizations). You can create your own version, if the required information on the template 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 awardee from a third-party person or organization for which a fair market value can be established) can be used for cost share/matching purposes if:

- The associated costs are included in the approved budget, and
- The use and value of such contributions are properly documented (see a sample template on Arts Endowment's website at [www.arts.gov/manageaward](http://www.arts.gov/manageaward)).

The Arts Endowment 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 at 2 CFR 200.306(d-j).

#### **H. Use of Prepared Financial Reports**

If the awardee uses an automated accounting system that separately tracks expenses associated with the project or activity supported by the Arts Endowment award, 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 of the award recipient other than the preparer.

Send the Summary Sheet and all required supporting documentation to [grants@arts.gov](mailto:grants@arts.gov). If you are submitting the payment request in tandem with your Final Reports, send the documentation to [finalreports@arts.gov](mailto:finalreports@arts.gov).

### **REMOVAL FROM THE COST REIMBURSEMENT DOCUMENTATION REQUIREMENTS**

The awardee should notify the NEA Audit Follow-up Official and the Inspector General of the Arts Endowment, as soon as the recommendations prescribed in the Audit Report have been met and the awardee's fiscal systems and/or financial condition have improved. The OIG may request additional information and the NEA will determine whether the awardee may return to the regular method of

payment.

If the awardee does not implement corrective actions and improve its financial condition by the specified deadline in the Audit Report, eligibility for future NEA funding may be jeopardized.

Instructions for Removal from Alternative Method of Payment can be found on the Arts Endowment OIG's website [www.arts.gov/oig/guidance](http://www.arts.gov/oig/guidance).

**ATTACHMENT 1: SAMPLE SUMMARY COVER SHEET: For Awardees on the Cost Reimbursement Method of Payment**

Organization: \_\_\_\_\_

GRANT #: \_\_\_\_\_

Transaction Type	Check #, Charge, Debit Card, or Payroll.	Payment Date	Payee	Total Amount of Expenses Claimed	Type of Documentation	Explanation – Expense Type	
1	Check	101	7/01/20xx	John Rourke	\$150.00	Personnel Activity Reports	Salary – Asst. to Director. Gross salary was \$600.00; net check was \$400.00; claiming \$150.00 which is 25% of time spent on grant.
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	\$500.00	Contract and Visa Statement	Performance Fees. Performance fee in the amount of \$500 paid with credit card.
4	Check	104	7/12/20xx	All Stars Lights Company	\$150.00	Contract	Light Rental. Check total \$200, but includes \$50 payment on a previous billing unrelated to current grant
5	Charge	Visa Card	7/12/20xx	Theatre Down the Street	\$1,500.00	Invoice	Venue Rental Fee.
6	Check	105	7/12/20xx	Big Daddy's Hardware	\$284.27	Receipt	Supplies – hardware.

**Total = \$1,784.27**

Prepared by: \_\_\_\_\_

Name and Title

Signature

Date

Reviewed & Approved by: \_\_\_\_\_

Name and Title

Signature

Date