



NATIONAL ENDOWMENT FOR THE HUMANITIES

Guidance on Subrecipient Monitoring for American Rescue Plan: Humanities Grantmaking Recipients

November 18, 2021

Introduction

NEH is providing additional guidance to American Rescue Plan: Humanities Grantmaking (ARP-G) recipients regarding their responsibilities as pass-through entities. This is part of a proactive effort to provide technical support and prevent fraud, waste, and abuse. While not exhaustive, this guidance addresses several areas of concern related to the management of subrecipients. For comprehensive guidance, recipients should refer to [2 CFR Part 200 – Uniform Administrative Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards](#), [General Terms and Conditions for Awards to Organizations](#), and the specific terms and conditions of the award.

NEH has a legal relationship only with ARP-G recipients, not their subrecipients. Recipients are responsible for meeting the terms and conditions of their awards and ensuring that activities conducted by their institutions and subrecipients comply with all federal regulations. Recipients must communicate required expectations and responsibilities to their subrecipients and implement a monitoring plan to ensure compliance with requirements ([2 CFR Part 200](#) and the terms and conditions of the award) and achievement of performance goals.

Throughout this guidance, we use ZIN as shorthand for a grantmaking program for individuals and ZOR as shorthand for a grantmaking program for organizations. When relevant, we will provide distinct guidance for recipients with grantmaking programs for individuals (ZIN) and grantmaking programs for organizations (ZOR).

For simplicity, we use the term “subrecipient” to describe both individuals and organizations that receive funds re-granted by recipients. Similarly, we use “subaward” to describe both funds re-granted to organizations and individuals. However, for the appropriate classification of costs, subawards to individuals are correctly classified as “participant costs.”

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Overview of responsibilities of NEH, recipients, subrecipients

The ARP-G program provides federal funds to recipients (pass-through entities), who in turn issue subawards to subrecipients. Federal regulation and policy establish roles and responsibilities for NEH, recipients, and subrecipient organizations, including ways to prevent fraud, waste, and abuse and ensure programmatic integrity.

NEH Responsibilities	Recipient Responsibilities	Subrecipient Responsibilities
Ensure proper internal controls and oversight of recipients to prevent and detect fraud, waste, and abuse.	Establish and maintain effective internal control over the grant funds and subrecipient oversight.	Establish and maintain effective internal control over the subaward. (ZIN/ZOR)
Verify recipients' determinations of subrecipient eligibility.	Communicate eligibility information to subrecipients and work with them to obtain documentation.	Maintain and provide relevant documentation to substantiate eligibility claims. (ZIN/ZOR)
Ensure recipients are not suspended or debarred and that they comply with all award requirements.	Ensure subrecipients are not suspended or debarred and that they comply with all award requirements.	Ensure contractors are responsible and, if applicable, not suspended or debarred. (ZOR)
Conduct risk assessments of the recipients prior to making awards and continue to monitor risk over the period of performance.	Conduct risk assessments of the subrecipients prior to making an award and continue to monitor risk over the period of performance.	Monitor internal controls to ensure compliance with regulations. (ZOR)
Monitor recipients to ensure compliance with all federal statutes, regulations, and conditions of the award.	Monitor subrecipients' activities to ensure that the subaward is used for authorized purposes in compliance with federal statutes, regulations, and conditions of the subaward, and that subaward performance goals are achieved. In addition to required reporting, ARP-G recipients can require periodic financial and programmatic reports, site visits, and reviews of subrecipients' audit reports.	Monitor contractor activities to ensure compliance with applicable federal requirements. Comply with relevant federal regulations for procurement under grants. (ZOR)
Review recipient performance and financial reports against proposed activities and approved budget. Close out projects.	Certify that all costs are associated with the approved scope of work and that the subrecipient completed all work in accordance with regulations and NEH policies. Certify project as complete.	Complete all work in accordance with federal regulations and NEH policies. (ZIN/ZOR)

Take appropriate action to remedy noncompliance with the recipient.	Identify instances of subrecipient noncompliance and take prompt action.	Promptly remedy instances of noncompliance when they are identified. (ZIN/ZOR)
Identify disallowed costs and recover funds from the recipient, if necessary.	Ensure subrecipients are aware of their responsibility to repay duplicate funding. Identify and recover funds for unallowable costs, unexpended funds, and funds expended in error or through misrepresentation or fraud. Repay improper payments or overpayments.	Repay improper payments or overpayments. (ZIN/ZOR)
Remind recipients expending \$750,000 or more in federal awards during their fiscal year to conduct a Single Audit per 2 CFR Part 200 .	Conduct a Single Audit when expending \$750,000 or more in federal funds in their fiscal year. Remind subrecipients expending \$750,000 or more in federal awards during their fiscal year to conduct a Single Audit per Subpart F of the Uniform Regulations.	Conduct a Single Audit when expending \$750,000 or more in federal funds in their fiscal year per Subpart F of the Uniform Regulations. (ZOR)
Issue management decisions regarding audit findings related to the recipient.	Issue management decisions regarding audit findings related to the subaward within six months of the audit report's release.	Resolve management decisions relating to the program's audit. (ZOR)
Report suspected fraud and cooperate with investigations.	Report suspected fraud and cooperate with investigations.	Report suspected fraud and cooperate with investigations. (ZIN/ZOR)

Communication with NEH

NEH has assigned each ARP-G recipient a program officer and grant management specialist, identified on the terms and conditions of the award, to assist with technical, programmatic, and business administration inquiries. All correspondence between NEH and recipients must occur through eGMS Reach. Refer to the [NEH General Terms and Conditions for Awards to Organizations](#) for information on accessing eGMS Reach accounts.

Internal controls

In accordance with [2 CFR §200.303](#), recipients and subrecipients must have internal control policies and procedures in place to manage their awards. These policies must address the effectiveness of operations; reliability of reporting; and compliance with applicable federal statutes, regulations, and the terms and conditions of the award.

Administrative and financial management systems provide internal controls and help the organization prepare reports required by the terms and conditions of its award. These systems must be capable of tracking grant funds to establish that the funds have been used according to federal statutes, regulations, and the terms and conditions of the award. Internal controls must

enable recipients and subrecipients to evaluate and monitor compliance and take prompt action when instances of noncompliance are identified, including audit findings.

Internal controls should be in compliance with guidance in “[Standards for Internal Control in the Federal Government](#),” issued by the Comptroller General of the United States, or the “[Internal Control Integrated Framework](#),” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Safeguarding personally identifiable information

Recipients must safeguard and dispose of personally identifiable information (PII) consistent with applicable federal, state, local, and tribal laws regarding privacy and confidentiality obligations. PII is any information that can directly or indirectly identify an individual, including a name, address, date of birth, driver’s license number, Social Security number, or financial account information.

Do not leave PII materials open, visible, or unattended. Store and dispose of PII appropriately. Consider storing it in lockable containers and dispose of it with secured trash bins or use document shredders.

Secure computers and mobile devices with strong passwords. Schedule regular updates for software and antivirus programs. Be aware of scams and don’t download unknown programs. Consider implementing a hierarchy of authorized users with increased levels of security and limited access for more sensitive information. Do not send unencrypted PII over email.

Financial management systems

Recipients’ and subrecipients’ financial management systems must be sufficient to trace funds to a level of expenditures adequate to establish that grant funds have been used in accordance with federal statutes, regulations, and the terms and conditions of the award ([2 CFR §200.302](#)).

Recipients and subrecipients must have written policies and procedures documenting their financial management systems. This includes determining the allowability of costs prior to requesting payment in accordance with [2 CFR 200 Subpart E](#) and the terms and conditions of the award.

At a minimum, financial management accounting systems must:

- track all federal awards received and expended by the Federal Assistance Listing title and number, Federal Award Identification Number (FAIN) and year, and the name of the federal agency/pass-through entity
- keep records pertaining to the source and application of federal awards: authorizations, obligations, unobligated balances, assets, expenditures, income, and interest should be documented
- contain accurate, current, and complete information to support financial results of the award or program, which will be reported on the Federal Financial Report (SF-425)
- have effective control over, and accountability for, all funds, property, and other assets
- be able to compare expenditures with approved grant amounts for each federal award

Subrecipient eligibility

In addition to the requirements outlined in the [American Rescue Plan Humanities Grantmaking Notice of Funding Opportunity](#), recipients may limit subrecipient eligibility based on the specific design of their program (e.g., geography or institution type).

Grantmaking programs for organizations (ZOR)

Grantmaking programs for organizations must limit eligibility to U.S. nonprofit organizations with 501(c)(3) tax-exempt status; accredited public and 501(c)(3) institutions of higher education; state and local governmental agencies; and federally recognized Native American tribal governments.

For eligible American organizations located overseas, subawards cannot be used to support non-U.S. citizens.

Foreign and for-profit entities are not eligible subrecipients.

Subrecipients must have a record of achievement in the humanities. Organizations and institutions proposing to engage in activities outside the humanities (e.g., the creation or performance of art) are not eligible to be subrecipients under this notice.

Organizations that received American Rescue Plan funds directly from NEH (through the American Rescue Plan: Humanities Organizations program) are not eligible to be subrecipients.

The [56 state and jurisdictional humanities councils and interim partners](#) are not eligible subrecipients.

Grantmaking programs for individuals (ZIN)

Grantmaking programs for individuals must limit eligibility to U.S. citizens, whether they reside inside or outside the United States, or foreign nationals who have been living in the United States or its jurisdictions for at least the three years prior to the application deadline. Foreign nationals who take up permanent residence outside the United States any time between the application deadline and the end of their period of performance will forfeit their eligibility to receive a subaward. (Leaving the U.S. on a temporary basis is permitted.)

Applicants to these grantmaking programs must be humanities professionals who possess formal education or training in the humanities, as defined in the [National Foundation on the Arts and the Humanities Act of 1965](#). While applicants need not have advanced degrees, individuals currently enrolled in a degree-granting program are ineligible. Applicants who have satisfied all the requirements for a degree and are awaiting its conferral are eligible but must provide a letter from the dean of the conferring school or their department chair attesting to the applicant's status as of the deadline for the program to which they are applying.

Applicants must be either unemployed or underemployed and meet the definition established by the recipient. Stipends are not intended for the following types of people as a form of income replacement:

- retired individuals
- individuals under the age of 18
- individuals enrolled in a degree granting program
- individuals on Social Security Disability with no work attachment
- inmates

- individuals living in a halfway house on lockdown

In addition, as a matter of programmatic policy, the following are not eligible to be subrecipients:

- K-12 teachers and administrators
- home-schooling instructors
- journalists
- creative and performing arts professionals

Organizations are not eligible to apply for subawards on behalf of individuals and subawards may not be transferred to the applicant's institution. If an individual recipient elects to have the subaward paid through their institution, all NEH funds must be remitted to the individual. The institution may not take an institutional allowance.

Although individual subrecipients may hold other fellowships or awards during their NEH-funded period of performance, they may not hold another NEH award concurrently.

Verifying subrecipient eligibility

In addition to the specific eligibility criteria for organizations and individuals, subrecipients must not be debarred or suspended by any federal department or agency. The OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement) contained in [2 CFR Parts 180](#) and [3369](#) apply.

Subrecipients may not be delinquent on repayment of federal debt. Examples of relevant debt include delinquent student loans, federal taxes, and payroll taxes for household or other employees. Overdue or unpaid child support payments will also prevent an applicant from receiving an award. See [OMB Circular A-129](#).

Grantmaking programs for organizations (ZOR)

Per [2 CFR §25.300](#), ZOR recipients may only issue subawards using NEH funds to organizations that have obtained and provided to the recipient a Unique Entity Identifier (UEI). Subrecipients are not required to complete full registration with the [System for Award Management \(SAM\)](#) to obtain a UEI but are encouraged to do so.

Prior to issuing a subaward, ZOR recipients must check SAM.gov to verify the UEI is assigned to the applicant organization, that their status is current, and that the applicant is not delinquent on federal debt.

ZOR recipients must also verify that there are no findings in the [Federal Awardee Performance and Integrity Information System \(FAPIIS\)](#) for applicant organizations. FAPIIS is a database that contains information to support award decisions as required by the [Federal Acquisition Regulation](#).

Grantmaking programs for individuals (ZIN)

ZIN recipients must verify the identity and employment status of selected individuals, consistent with the definition of "underemployed" established for the program in the original application. ZIN recipients must keep records confirming that identity and employment status have been verified.

Upon submission of ZIN recipients' subrecipient selection reports in eGMS, NEH will verify that selected participants are not included in [DoNotPay \(DNP\)](#), a federal resource for preventing and detecting improper payments.

Subrecipient selection process

Recipients must ensure the fairness of their subrecipient selection process and must avoid real and perceived conflicts of interest. Recipients must abide by the guidance on subrecipient selection included in the [American Rescue Plan: Humanities Grantmaking program Notice of Funding Opportunity](#):

- Recipients must give equal consideration to all eligible applicants; they may not restrict eligibility or give preference to members of a certain organization, consortium, or network.
- Recipients must not accept applications from individuals who are their own officers, employees, or members of the board of trustees or advisers until at least one year has elapsed since the person's last service in such a position. The same restriction applies to officers, employees, and board members of parent organizations or subsidiary organizations.
- Recipients must not require an administrative or application fee.
- Recipients must publicize the availability of the NEH-funded program, award amounts, and application procedures clearly and effectively so that all potential applicants can learn of the opportunity. Publicity materials should include an explicit reference to the National Endowment for the Humanities and the American Rescue Plan Act of 2021. Consult [Acknowledgment and Publicity Requirements for NEH Awards](#) and [Publicizing Your Project](#) for guidance.
- Recipients must ensure the fair and informed selection of subrecipients by relying on the recommendations of an external committee composed of qualified individuals drawn from outside the organization's staff and governing bodies. The committee must convene virtually and must consist of at least three persons. Recipients may only make subawards with NEH funds to applicants recommended by this external selection committee.
- Recipients must avoid real or perceived conflicts of interest in the composition of the selection committee and its deliberations. Staff, officers, board members, and trustees of the recipient organization may not serve as pre-screening evaluators or voting members on committees that review applications for this program other than for issues of completeness, responsiveness, and eligibility. The same restrictions apply to staff, officers, and trustees of parent organizations. Persons holding individual memberships at an organization should not constitute a majority on that organization's selection committee.

Subrecipient risk assessment and oversight

Consistent with [2 CFR §200.332\(b\)](#), recipients must complete a risk assessment for each subrecipient to evaluate its potential for noncompliance with federal statutes, regulations, and the terms and conditions of the subaward. The risk assessment provides a framework by which recipients can mitigate potential risks and determine the appropriate level of subrecipient monitoring.

ZOR recipients may consider the following risk evaluation factors:

- the subrecipient's prior experience with the same or similar subawards
- the results of previous audits
- recent substantive changes, such as new personnel or modifications to financial and accounting systems

- if the subrecipient receives direct federal awards, the extent and results of the federal awarding agency’s monitoring process
- the age of the subrecipient organization
- the size of the subaward relative to the subrecipient’s operating budget

Recipients may also identify additional risk evaluation criteria beyond those included in [2 CFR §200.332\(b\)](#).

Recipients must document their risk assessment policies and procedures, as well as risk reviews for each subrecipient.

Based upon the results of its pre-award risk assessment and subsequent subrecipient performance, recipients may impose specific subaward conditions identified in [2 CFR §200.208 \(b\) and \(c\)](#), as appropriate. Recipients may include additional subaward conditions, such as:

- requiring payments to be reimbursements rather than advances
- withholding authority to proceed with their grant-supported project until evidence of acceptable performance is received
- requiring more frequent and more detailed financial reports
- requiring additional project monitoring
- requiring the subrecipient to obtain technical or management assistance
- establishing additional prior approvals

Recipients must notify subrecipients if specific subaward conditions are imposed, including:

- the nature of the additional requirements
- the reason why the additional requirements are being imposed
- the nature of the action needed to remove the additional requirement, if applicable
- the time allowed for completing the actions, if applicable
- the method for requesting reconsideration of the additional requirements imposed

Recipients must promptly remove specific subaward conditions once the issues have been corrected.

Avoiding Overlapping Costs

Per [2 CFR §200.403\(f\)](#), overlapping project costs between two or more applications for federal funding and/or approved federal award budgets are not permitted. Recipients must ensure that subrecipients do not duplicate or overlap other federal awards.

Recipients should check [USASpending](#) to see if applicants have other federal awards, and may request the following documentation from them:

- a list of other federal awards that subrecipients currently have or have applied for and the scope of the projects
- self-certification that there is no duplication or overlap with other federal awards

NEH will also review subrecipient selection reports to ensure there is not overlap with subrecipients across ARP programs.

If a recipient later identifies subrecipient overlapping costs or duplication of federal assistance, it must consider actions under remedies for subrecipient non-compliance and enforcement

actions under [2 CFR §200.339](#). (See also [Remedies for subrecipient non-compliance and enforcement actions](#).)

2 CFR Part 200 subrecipient flow-down requirements

In addition to ARP-G requirements and conditions, subrecipient agreements must include the information identified at [2 CFR § 200.332\(a\)](#).

[2 CFR § 200.101](#) identifies the following sections of [2 CFR Part 200](#) that flow down from recipients to subrecipients (i.e., what is required for recipients and is also required for subrecipients). This information must be included with the subaward agreement's terms and conditions:

- [Subpart A - Acronyms and Definitions](#)
- [Subpart B - General Provisions](#), except for §§200.111 English Language, 200.112 Conflict of Interest, and 200.113 Mandatory Disclosures
- [Subpart C - Pre-Federal Award Requirements and Contents of Federal Awards](#), except for §200.203(a) Requirement to provide public notice of federal financial assistance programs
- [Subpart D - Post-Award Federal Requirements](#), note 200.331-333 Subrecipient Monitoring and Management
- [Subpart E - Cost Principles](#)
- [Subpart F - Audit Requirements](#)

Cost principles

Recipients must ensure that subawards made under the award comply with [2 CFR 200 Subpart E – Cost Principles](#). The cost principles establish standards for the allowability of costs, provide detailed guidance on the cost accounting treatment of costs as direct or indirect costs, and set allowability and allocability principles for selected items.

The cost principles establish four main guidelines for determining whether costs are applicable to an award:

- A cost is **allowable** if it is permitted under [2 CFR 200 Subpart E – Cost Principles](#) and the terms and conditions of the award. Unallowable costs must be identified and excluded from the award and any associated payment.
- A cost is **allocable** to an award if the goods or services involved can be directly charged to the award based on the benefit provided.
- A cost is considered **reasonable** if the nature of and the price paid for the goods or services reflect the action that a prudent person would have taken given the prevailing circumstances at the time they made the decision to incur the cost.
- All costs incurred for the same purpose and similar circumstances must be **treated consistently** either as direct costs or as indirect costs.

Management and administration (M&A) costs

In addition to the unallowable costs in [2 CFR 200 Subpart E - Cost Principles](#) and program-specific funding restrictions stipulated in the Notice of Funding Opportunity, ARP-G recipients must limit their expenditures on management and administration (M&A) costs to 10% of the total award. M&A costs must be directly related to the management and administration of NEH

funds, such as financial management and monitoring, and must be based on actual expenses or known contractual costs.

M&A costs are not operational costs; they are the necessary costs incurred in direct support of the award or as a consequence of the award and should be allocated across the entire lifecycle of the award. Examples of M&A activities include soliciting, reviewing, and processing applications and subawards; managing and monitoring subawards; preparing and submitting required programmatic and financial reports; establishing and/or maintaining equipment inventory; documenting operational and equipment expenditures for financial accounting purposes; and responding to official informational requests from federal oversight authorities. Salaries treated as M&A costs may be charged as direct costs in accordance with [2 CFR §200.413\(c\)](#).

Changes in Key Personnel

[NEH's General Terms and Conditions for Awards to Organizations](#) require ARP-G recipients to obtain prior written approval from NEH when there is a change in the project director or co-director, including an unanticipated absence for more than three months or a 25% reduction in the time devoted to the project.

It is important to maintain comprehensive records to ensure the continuity of project activities and subrecipient oversight and monitoring in the case of turnover among key personnel. Detailed documentation and accurate recordkeeping may help ensure successful staff transition and help prevent problems that lead to adverse audit findings.

Subrecipient funding restrictions

In addition to the unallowable costs in [2 CFR 200 Subpart E - Cost Principles](#), recipients must ensure that subrecipients abide by the following program-specific funding restrictions.

Subawards to organizations (ZOR) may not be used for the following purposes:

- overlapping project costs with any other pending or approved application(s) for federal funding and/or approved federal awards
- competitive regranteeing
- cancellation costs
- pre-award costs incurred more than 90 days before the subrecipient's period of performance
- equipment costs in excess of 20% of total project costs (see [2 CFR §200.1](#) for the definition of equipment)
- travel (both foreign and domestic)
- construction, purchase of real property, or major alteration and renovation
- collections acquisition
- the preservation, organization, or description of materials that are not regularly accessible for research, education, or public programming
- promotion of a particular political, religious, or ideological point of view
- advocacy of a particular program of social or political action
- support of specific public policies or legislation
- lobbying
- projects that fall outside of the humanities and the humanistic social sciences (including the creation or performance of art; creative writing, autobiographies, memoirs, and creative nonfiction; and quantitative social science research or policy studies)

Subawards to individuals (ZIN) may not be used for the following purposes:

- research by students enrolled in a degree program, including research for doctoral dissertations or theses
- educational impact, language impact, or technical impact assessments
- the writing of guidebooks, how-to books, or self-help books
- promotion of a particular political, religious, or ideological point of view
- advocacy of a particular program of social or political action
- support of specific public policies or legislation
- lobbying
- projects that fall outside of the humanities and the humanistic social sciences (including the creation or performance of art; creative writing, autobiographies, memoirs, and creative nonfiction; and quantitative social science research or policy studies)

See also the unallowable costs included in [2 CFR 200 Subpart E - Cost Principles](#).

Procurement requirements

ARP-G recipients and ZOR subrecipients must adhere to the federal procurement requirements ([2 CFR §§200.318-327](#)), [Appendix II to 2 CFR Part 200 - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards](#), and must ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Recipients and subrecipient procurement policies and procedures must conform to the requirement under [2 CFR Part 200](#).

ARP-G recipients and ZOR subrecipients must:

- award contracts to qualified, responsible contractors that are not debarred or suspended from receiving federal funds
- document and verify procurement decisions, including, as applicable, the type of procurement; advertisement; independent cost estimate, the type of contract, scoring, justification for lack of competition when competitive bids or offers are not obtained, the basis for contractor selection or rejection, cost analysis, and basis of contract amount

ARP-G recipients and ZOR subrecipients that issue a contract are ultimately responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements.

FFATA requirements

The Federal Funding Accountability and Transparency Act (FFATA) is intended to reduce wasteful government spending by making information about all federal awards and subawards publicly available online.

For each subaward of \$25,000 or more, recipients must report subaward data to the [FFATA Subaward Reporting System \(FSRS\)](#) by the end of the month following the month in which the subaward was issued.

Audits

ARP-G recipients and ZOR subrecipients that expend more than \$750,000 in federal funds from all sources during their fiscal year are subject to the Single Audit (formerly known as the A-133 audit). See by [2 CFR 200 Subpart F - Audit Requirements](#).

ARP-G recipients must notify ZOR subrecipients expending \$750,000 or more in federal awards during their fiscal year to conduct a Single Audit per Subpart F of the Uniform Regulations. Recipients must issue a management decision regarding audit findings related to the subaward within six months of the audit report's release.

The Single Audit must include the entity's financial statements related to its federal awards.

Monitoring

Recipients must monitor their subrecipients to ensure compliance with federal statutes, regulations, and terms and conditions of the subaward, and that subaward performance goals are met. Recipients may adjust subrecipient award requirements when a risk assessment and monitoring indicate it is necessary.

Monitoring occurs throughout the lifecycle of the subaward. At a minimum, [2 CFR §200.332\(d\)](#) requires recipients to monitor the following subrecipient activities:

- Performance reports (ZIN and ZOR) and financial reports (ZOR only) required under subaward agreements.
- Audit or other on-site reviews performed pursuant to [2 CFR Part 200](#). A Single Audit ([2 CFR 200 Subpart F](#)) if the subrecipient expects to expend \$750,000 or more in federal awards during its fiscal year. Recipients must act on all identified deficiencies pertaining to the federal award.
- Audit findings specifically related to the subaward. Recipients must issue a management decision on audit findings relating to the subaward as required by [2 CFR §200.521](#).

Depending on the results of the risk assessment, recipients may:

- Provide subrecipients with on-site training and technical assistance on program-related matters, perform on-site reviews of the subrecipient's program operations, or arrange for agreed-upon procedures to monitor the subrecipient as described in [2 CFR §200.425](#)
- Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the recipient's own records

Remedies for subrecipient non-compliance and enforcement actions

If a subrecipient is non-compliant, recipients may take the following actions, as appropriate:

- disallowing costs
- require repayment of award funds
- enforcement action against noncompliant subrecipients (including suspension and termination), as described in [2 CFR §200.339](#)

Recordkeeping

Accurate recordkeeping and reporting are crucial to the successful management of NEH funded activities. Without adequate recordkeeping, recipients and subrecipients cannot track award performance and maintain award oversight. The failure to maintain adequate documentation

and support for award and subaward expenditures may result in audit findings and the disallowance and repayment of NEH funds.

Recipients and subrecipients must follow the record retention and access requirements at [2 CFR §§200.334-338](#). Recipients must retain records for a period of three years from the date of submission of the final expenditure report unless otherwise noted in [2 CFR §200.334](#).

Requesting payments from NEH

Recipients may request advance payment in an amount sufficient to cover expenses for the following 30 calendar days for their subrecipient award payments per [2 CFR §200.305\(b\)\(4\)](#). Recipients must base their working capital advance on subrecipients' monthly estimated needs over the subawards' period of performance.

Recipients must submit payment requests to the NEH Office of Accounting at accounting@neh.gov using the SF-270. Recipients must not submit payment requests to grants management specialists or program officers via eGMS Reach. Recipients must submit payment requests at least two weeks in advance of anticipated need.

Subrecipient payment requests

While NEH encourages that subaward payments be made on a reimbursement basis, recipients may pay their subrecipients on an advance basis, provided the subrecipients' financial management systems meet the standards for fund control and accountability found in [NEH's General Terms and Conditions for Awards to Organizations](#).

Recipients must authorize subrecipients to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used and as often as they like when electronic transfers are used in accordance with the provisions of the [Electronic Fund Transfer Act \(15 U.S.C. 1693-1693r\)](#).

Subrecipient assurances

Per [2 CFR § 200.415](#), in order to assure that expenditures are in accordance with the approved application and terms and conditions of the federal award, annual and final fiscal reports and payment requests must include the following certification, signed by an authorized official:

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements, and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”

Report fraud, waste, and abuse

Help NEH eliminate fraud and improve management by providing information about allegations or suspicions of waste, fraud, abuse, mismanagement, [research misconduct](#) (fabrication, falsification, plagiarism), or unnecessary government expenditures during the period of award performance to the [NEH Office of the Inspector General](#).

Subrecipient monitoring resources

ARP-G recipients may review successful organizations for examples and best practices of good internal controls and monitoring oversight. NEH expects recipients to operate with integrity, have strong internal controls with clearly written operating policies and procedures, be risk aware, take action to monitor and mitigate risk, and correct deficiencies in a timely manner when they arise.

NEH has provided the following examples of checklists and other resources that may be helpful in ensuring the integrity of the subaward program.

Suggested pass-through entity requirements to be included in written procedures

<u>Requirements for Pass-Through Entities</u>	<u>Yes</u>	<u>No</u>
Recipients must clearly identify subawards to subrecipients as such and include required information.		
If the subaward's required information changes, recipients must include changes in subsequent subaward modifications.		
If some of the subaward's required information is not available, recipients must provide the best information available to describe the federal award and subaward.		
Recipients must evaluate subrecipients' risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.		
Recipients must consider imposing specific subaward conditions upon a subrecipient, if appropriate.		
Recipients must monitor subrecipient activities as necessary to ensure that the subaward is used for authorized purposes, in compliance with federal requirements, and that subaward performance goals are achieved.		
Recipients must verify that subrecipients required to receive a Single Audit are audited. Refer to USASpending , if needed.		
Recipients must consider the results of the subrecipient's audits, on-site reviews, or other monitoring when deciding whether its own records need adjustments.		
Recipients must consider enforcement actions against noncompliant subrecipients as described in federal requirements and in program regulations.		
Recipients must comply with Federal Funding Accountability and Transparency Act (FFATA) reporting requirements, as applicable.		

Best practices for written procedures

Internal Control Policy Documentation Best Practices	Yes	No
The appropriate level of detail is included to allow for effective monitoring of the area or activity.		
The responsibilities of operational procedures and significant tasks, by position, are documented.		
Written procedures are reviewed on a periodic basis to ensure policies reflect accurate and current actual procedures.		
Significant changes in current procedures are reviewed for statute and regulatory compliance and incorporated into written procedures in a timely manner.		
Original and updated written procedures are appropriately disseminated to the applicable staff.		
Written procedures are reviewed by appropriate management and include an approval date and signature, if applicable.		
Federal award activities are clearly addressed, including required compliance activities and oversight.		
References to outside requirements and statute reflect current, appropriate citations and are updated to reflect changes in a timely manner.		
References to other internal documents or policies are accurate and are updated to reflect changes in a timely manner.		

Required information for subrecipient agreements

ARP-G recipients must ensure that subaward agreements are clearly identified to subrecipients and that they include the following required information.

Required Information	Yes	No
1. Federal Award Identification:		
<ul style="list-style-type: none"> • Subrecipient name 		
<ul style="list-style-type: none"> • Subrecipient's Unique Entity Identifier 		
<ul style="list-style-type: none"> • Federal Award Identification Number (FAIN) 		
<ul style="list-style-type: none"> • Date of federal award to you by NEH 		
<ul style="list-style-type: none"> • Subaward period of performance start and end date 		
<ul style="list-style-type: none"> • Amount of federal funds obligated by this action to the subrecipient by you 		
<ul style="list-style-type: none"> • Total amount of federal funds obligated to the subrecipient by you, including the current obligation 		
<ul style="list-style-type: none"> • Total amount of the federal award committed to the subrecipient by you 		
<ul style="list-style-type: none"> • Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA) 		
<ul style="list-style-type: none"> • Name of NEH award, name of your organization, and contract information for your organization's awarding official 		
<ul style="list-style-type: none"> • FAL number and name; you must identify the dollar amount made available under each federal award and the FAL number at time of disbursement 		
<ul style="list-style-type: none"> • Identification of whether the award is Research & Development 		
<ul style="list-style-type: none"> • Indirect cost rate for the federal award (including if the de minimis rate is charged) 		
2. All requirements imposed on the subrecipient by you so that the federal award is used in accordance with federal requirements		
3. Any additional requirements that you impose on the subrecipient for you to meet your own responsibility to NEH, including identification of any required financial and performance reports		

4. An approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government or, if no such rate exists, either a rate negotiated between you and the subrecipient (in compliance with federal regulations), or a de minimis indirect cost rate		
5. A requirement that the subrecipient permit you and auditors to have access to the subrecipient's records and financial statements as necessary for you to meet federal award requirements		
6. Appropriate terms and conditions concerning closeout of the subaward		

- If information in the subrecipient agreement changes, recipients must ensure that the changes are included in subsequent subaward modifications.
- If some of the information above is not available, recipients must provide the best information available to describe the federal award and subaward.

Conclusion

In conclusion, NEH encourages ARP-G recipients to:

- Become familiar with the terms and conditions outlined in the Notice of Action, as well as any additional ARP-G specific resources and training provided by NEH
- Consult with NEH staff when any uncertainty arises, or when there is a change in staff responsible for administering the grant
- Maintain sufficient and credible documentation that can be accessed by your key personnel and other staff