
State Digital Equity
Capacity Grant Program
Recipient Handbook

(U.S. States & Territories)

INTERNET FOR ALL



U.S. Department of Commerce
National Telecommunications and Information Administration

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1.0 Introduction

Congratulations on becoming a National Telecommunications and Information Administration (NTIA) award recipient of the State Digital Equity Capacity Grant Program (“Capacity Grant Program” or “Program”)!

Your award will be serviced by the National Institute of Standards and Technology (NIST) Financial Assistance Agreements Management Office (FAAMO), formerly Grants Management Division (GMD). Together, NTIA Federal Program Officers (FPOs) and NIST FAAMO are here to support your transition from applicant to grant recipient and provide support as you begin implementing your grant.

1.1 Background

The Infrastructure Investment and Jobs Act -- also referred to as the Bipartisan Infrastructure Law (BIL) contains a variety of provisions implemented by agencies throughout the government.-- Under the portions of the BIL administered by NTIA’s Office of Internet Connectivity and Growth (OICG) the programs are designed to expand access to broadband Internet, support efforts to achieve digital equity, promote digital inclusion activities, and spur greater adoption of broadband in unserved and underserved areas of the United States. These programs help close the digital divide and ensure that all Americans have access to reliable, high speed, and affordable broadband.

The issuance and management of NTIA grants is guided by the Department of Commerce (DOC) [Federal Financial Assistance Manual](#) (DOC Grants Manual) and DOC [Financial Assistance General Terms and Conditions](#), which follow [2 CFR § 200](#) (i.e., Uniform Guidance) and all other applicable laws, regulations, and requirements that define the Federal and Department’s standards for grants management and administration for Federal awards to non-Federal entities. Compliance and regulatory requirements are identified, documented, and communicated to recipients through Standard and Specific Award Conditions (SACs). Recipients that fail to comply with SACs (e.g. drawing funds for unallowable expenditures, etc.) are in violation of their award requirements and [2 CFR § 200](#).

NOTE: On April 22, 2024, OMB published updates to [2 CFR § 200](#) in the Federal Register at 89 FR 30046: [Guidance for Federal Financial Assistance](#). These updates will apply to all awards issued under the Capacity Grant Program.

1.2 Purpose

The Grant Recipient Handbook is provided as a quick reference tool to ensure that you have information and resources on hand to successfully carry out your award in accordance with the Federal and agency terms and regulations.

This resource is **not** intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements, the specific requirements set forth in program Notices of Funding Opportunities (NOFOs), existing [DOC Grants Manual](#) requirements, or other Departmental Administrative Orders (DAOs) and Federal Circulars. Similarly, this guidance document does not supersede or supplement NIST policies and procedures related to their work on financial assistance awards. In all cases, statutory and regulatory mandates, the terms and conditions of the award, and the requirements set forth in the NOFO, shall prevail over any inconsistencies contained in this guidance.

2.0 Overview of State Digital Equity Capacity Grant Program

The Capacity Grant Program will provide funds to Recipients to implement plans developed pursuant to the State Digital Equity Planning Grant Program. The DE Plans identify the barriers to achieving digital equity faced by certain populations defined by the statute (i.e. “Covered Populations”), and include measurable objectives to promote:

- (1) The availability and affordability of access to broadband technology;
- (2) online accessibility and inclusivity of public resources and services;
- (3) digital literacy;
- (4) awareness of online privacy and cybersecurity (see NOFO section IV D.7.); and
- (5) the availability and affordability of consumer devices and technical support for those devices.

The Capacity Grant Program aims to enable the Recipient to better understand, measure, and address systemic barriers to digital equity and, in collaboration with the communities most impacted, co-create the conditions necessary for long-lasting and meaningful change to ensure a sustainable future. Focusing investments on creating these conditions for change will allow recipients to address the root causes of socioeconomic disparities while aiming to improve outcomes in health, education, economic stability, and quality of life among the Covered Populations.

2.1 What are the Required Documents?

Table 1 lists the required documents for the Capacity Grant Program. Recipients should become familiar with these documents as they are important to the lifecycle of the grant.

Table 1: Capacity Grant Program Required Documents

Document Type	Purpose
CD-450 (Financial Assistance Award)	The CD-450 is the official award document through which the government obligates the initial funding of an award.
CD-451 (Amendment to Financial Assistance Award)	The CD-451 is used to issue any change made to an award.
SF-424A (Budget Information for Non-Construction Programs)	The SF-424A is the standard report for budget information for non-construction programs. This form is submitted as a part of the application.
SF-425	The SF-425 is the standard form used to document financial performance for the cumulative reporting time-period. This means cumulative from the

Document Type	Purpose
(Federal Financial Report)	award start through the end of each reporting period. SF-425 will be submitted to NTIA and NIST on a semi-annual basis.
Semi-Annual Performance (Technical) Report (Semi-Annual Report)	The Semi-Annual Report (SAR) provides information as prescribed in 2 CFR § 200.329 and information on how the Administering Entity or Administering Organization (AE/AO) expended the funds and progress towards meeting statutory and programmatic objectives.
Annual Report	<p>The Annual Report is meant to build upon the information submitted via the Semi-Annual Report, and provide detail on how the Recipient expended funds made progress toward fulfilling the statutory and programmatic objectives and implemented its DE Program, enabling the capture of performance measurement and evaluation, including an assessment of effectiveness and any associated results, protocols, and instruments used to collect the data as specified in Section II.A.3. of the NOFO. Each year period of performance, an Annual Report must be submitted in the NTIA Grants Portal (NGP) for the 12-month reporting period ending March 31.</p> <p>Reports are due <u>no later than 30 calendar days</u> following the end of the reporting period. The last Annual Report will be considered the recipient's "Final Annual Report" and will be due 120 days after the period of performance end date (see below for more detail).</p> <p>Please note that each annual report will be published in accordance with 47 U.S.C. §1723(g)(1). Similarly, the Recipient's subrecipients must publicly report annually during the grant's period of performance.</p>
Final SF-425 (Final Federal Financial Report)	The Final SF-425 is the last financial status report and must be submitted within 120 calendar days after the expiration of the period of performance. The Final SF-425 is meant to reflect the cumulative award period.
Final Annual Report	The Final Annual Report is the last annual report of the recipient's 5-year period of performance. The Report must include final details on performance measurement and evaluation, including an assessment of the effectiveness of the programs and any associated results, protocols, and instruments used to collect the data as specified in Section II.A.3. of the NOFO. It must be submitted within 120 calendar days after the end of the period of performance.
SF-428 Forms (Tangible Personal Property Report)	The SF-428 is the standard report used to report all equipment and supplies purchased with an acquisition cost of \$10,000 or more if applicable (see 2 CFR § 200.313(e)(1)). The form consists of the cover sheet (SF-428) and four attachments to be used as required: Annual Report (SF-428A), Final Award Closeout Report (SF-428B), and a Disposition Request/Report (SF-428C), and a supplemental sheet (SF-428S) to detail individual item information. As a Program recipient, you use these forms to report information related to tangible personal property when required by a Federal financial assistance award. These forms will be collected during the closeout process.

Document Type	Purpose
SF-429 Forms (Real Property Status Report)	<p>The SF-429 is the standard report for real property status and comprises multiple attachments. As a Recipient, you should use attachment A for general reporting (SF-429A) or request instructions on real property that was/will be provided as Government Furnished Property (GPF) or acquired (i.e., purchased) in whole or in part under this award using attachments B, C (SF-429B, SF-429C). This will be collected during the closeout process, if applicable.</p>
Specific Projects Form	<p>The Specific Projects Form (SPF) was a component of your Capacity application. A key element of the Project Narrative; meant to demonstrate the details of each specific project and activity to be funded by this Program. In many instances, however, Recipients had not identified all projects that would be implemented with the Capacity Grant Program funds at the time of application.</p> <p>In these cases, portions of award funds have been withheld and will be released based on the satisfactory submission and review of project details in a complete SPF and a corresponding Consolidated Budget Form (CBF); budget details for which are meant to align with the specific projects. The Recipient must submit its SPF along with a CBF as an unfunded grant action no later than nine (9) months from the Period of Performance start date unless an extension is secured. Please note extensions are not guaranteed. Extension requests must demonstrate the extenuating circumstances and clear justification for requests and case by case determinations will be made.</p> <p>Moreover, the period of performance for the Capacity Grant Program cannot be extended; therefore, timely provision of specific project details will be essential to the success of the Recipient and the Program.</p>
Human Subject Research (HSR) Letter	<p>Surveys or interviews of individuals and/or the use of past research instruments under the Planning Grant Program may support measurement of progress toward measurable objectives and the success of specific projects in meeting performance objectives of the Capacity Grant Program. Recipient must submit appropriate documentation specifying which HSR classification category is applicable: Category 1 (Not Conducting HSR), which could mean (1A) not conducting any research, as defined in 15 CFR § 27.102(l), OR (1B) conducting research but does not involve human subjects as defined in 15 CFR § 27.102 (e)(1); Category 2 (Exemption Request); Category 3 (HSR Non-Exempt); and detailed descriptions of DE project activities that justify inclusion in that category. See Section 6.10, Protection of Human Subjects for detailed requirements. The Recipient is responsible for updating NTIA with any changes to their HSR activities.</p>

Note: NTIA will provide additional reporting instructions in connection with the semi-annual and annual reporting requirements including details on the manner and format in which the Recipients will be required to report information in support of Federal agency obligations under the ACCESS BROADBAND Act ((47 U.S.C. § 1307) and Infrastructure Investment and Jobs Act (47 U.S.C. § 1704).

2.2 What are the Key Dates?

Following the acceptance of your Capacity Grant Program award, the Recipient should identify the award's period of performance and report due dates. This information can be found in the CD-450 (Financial Assistance Award) and SACs of the grant and will help the Recipient determine key dates and reporting requirements. See the chart and table below for key deadlines that should be tracked. Both NTIA and NIST FAAMO will send helpful reminders, and the FPO will provide technical assistance, as needed, to ensure you meet the key dates listed in their SACs.

Note that Reports are due in the [NTIA Grants Portal](#) no later than 30 calendar days following the end of each reporting period. Should the due date fall on a weekend or a federal holiday, it must be submitted no later than the next business day. Reports must not be sent directly to NIST or NTIA personnel (e.g. Grants Specialist, Grants Officer, Administrative Assistant, FAAMO Division Chief, Federal Program Officer, etc.).

Table 2: Capacity Grant Program Key Dates and Reporting

Digital Equity Capacity Grant Reporting Schedule				
Report Type	Reporting Period	Deadline	Submission Method	Data Submitted
Semi-Annual SF-425 (Federal Financial Report)	Award Start Date– Mar. 31 Award Start Date – Sept. 30	Every April 30 Every Oct. 30	Form: SF-425 Submit via NTIA Grants Portal	Performance on key financial indicators.
Semi-Annual Performance (Technical) Report (Semi-Annual Report or SAR)	Oct. 1 – Mar. 31 Apr. 1– Sept. 30	Every April 30 Every Oct. 30	Form: SAR Submit via NTIA Grants Portal	Performance on key programmatic indicators and budget. Note the Recipient should be mindful of any exceptions made under their Specific Award Conditions.
Annual Report	Each 12 months of project period ending March 31	Every April 30	Form: Annual Report Submit via NTIA Grants Portal	The use, progress, implementation, performance on key programmatic indicators (including assessment of effectiveness and supporting materials e.g., results, protocols, and instruments used to collect data), and budget for which the grant was awarded.
Final SF-425 (Final Federal Financial Report)	Cumulative award period	120 days after end of project period	Form: SF-425 Submit via NTIA Grants Portal	Performance on key financial indicators.

Digital Equity Capacity Grant Reporting Schedule				
Report Type	Reporting Period	Deadline	Submission Method	Data Submitted
Final (5th) Annual Report	Final 12 months of project period	120 days after end of project period	Form: Final Annual Report Submit via NTIA Grants Portal	The use, progress, implementation, performance on key programmatic indicators (including final assessment of effectiveness and supporting materials e.g., results, protocols, and instruments used to collect data), and budget for which the grant was awarded.
Other Key Materials & Milestones				
Specific Projects Budget Revision	N/A	No later than nine (9) months from the award date	Forms: SPF; CBF Email UGAM with CC: to your FPO and digitalequity@ntia.gov	Award Action Request and more specifically, unfunded grant action that includes required information pertaining to projects intended to be funded and accompanying Consolidated Budget Form (CBF) to demonstrate alignment between project and budget details. Please note that NTIA, encourage submission of all projects and a single specific projects budget revision submission. A complete set of specific project details and alignment with budget is a critical first step toward releasing withheld funds.
Human Subject Research (HSR) Letter	N/A	45 calendar days after Specific Projects Form is approved	Email UGAM with CC: to your FPO and digitalequity@ntia.gov	Letter or Memo Identifying the applicable HSR Classification Category and detailed description of DE project

Digital Equity Capacity Grant Reporting Schedule				
Report Type	Reporting Period	Deadline	Submission Method	Data Submitted
				activities that justify inclusion in the selected category. Recipients will be responsible for updating NTIA with any changes to HSR activities throughout the period of performance (PoP).
Updated Digital Equity Plan	N/A	April 30, Year 2 of Award	Submit via NTIA Grants Portal	<p>Updates to Digital Equity Plan to capture outstanding baseline data and accompanying Plan maintenance</p> <p>Note: Recipients that (1) have outstanding baseline data and/or (2) anticipate periodically maintaining/updating their DE Plans to, for example, account for in-field circumstances, new information learned about covered populations, major impacts to timelines, etc. should ensure that their budgets account for the update and/or maintenance of DE Plan. If the budget does not account for this sort of activity, the Recipient should submit a budget revision. See Section 5.0 What are Unfunded Grant Actions.</p>

2.3 Who Should I Contact?

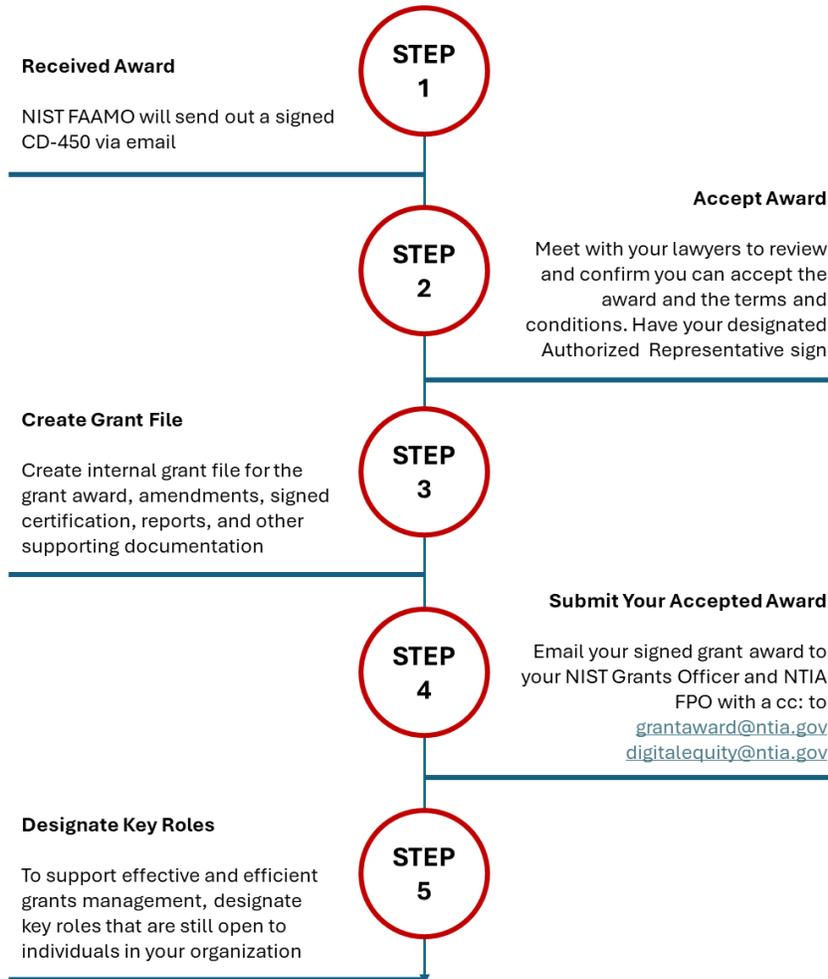
For additional information on topics such as monitoring, UGAs, or other specific grant related topics, please use the Capacity Grant Program contact tree below. *Table 3* shows the Point of Contact (POC) for topics pertaining to the grant.

Table 3: Capacity Grant Program Contact Tree

State Digital Equity Capacity Grant Program Office		
Topic	Person of Contact	Notes
Programmatic compliance	NTIA FPO	
Grant monitoring activities	NTIA FPO and NIST Grants Specialist (GS)	
Financial management of grant resources	NIST GS	
Records and record retention schedule	NTIA FPO and NIST GS	The Recipient and subrecipient must retain all Federal award records, for three years from the date of submission of their final financial report. For awards that are renewed quarterly or annually, the Recipient and subrecipient must retain records for three years from the date of submission of their quarterly or annual financial report, respectively. Records to be retained include but are not limited to financial records, supporting documentation, and statistical records per 2 CFR 200.334 .
Unfunded Grant Action (UGA) processing	NTIA FPO and NIST GS	Consult with the FPO and GS to determine which type of UGA should be submitted. Once a Recipient has consulted with their FPO and determined the proper UGA to submit, the Recipient must submit an email to UGAM@nist.gov and cc its FPO and digitalequity@ntia.gov .

3.0 What Should I Do First?

Figure 1: First Steps



3.1 Assign Key Recipient Roles

In alignment with the FAAMO's Financial Assistance Reference Guide, Capacity Grant Program Recipients must designate individuals to serve in the following key personnel/administrative roles:

- Authorized Organization Representative (AOR)
- Project Director (PD) or Project Investigator (PI)
- Other Key Personnel

If individuals were not already designated in the application (e.g., AOR), the Recipient should assign individuals to key recipient roles in support of the management of the grant. These key personnel roles are outlined in *Table 4* below.

Table 4: Key Personnel Roles

User Role	Description	Notes
<p>Authorized Organization Representative</p>	<p>The AOR is the designated representative of the non-Federal entity with authority to act on the organization’s behalf in matters related to the award and administration of grants and cooperative agreements. In signing the award agreement (CD-450) and any amendments and other documents (CD-451) this individual agrees that the organization will assume the obligations imposed by applicable Federal statutes and regulations and other terms and conditions of the award, including applicable assurances. These responsibilities include accountability both for the appropriate use of funds awarded and the performance of the grant-supported project of activities as specified in the approved application.</p>	<p>Requires an Unfunded Grant Action (UGA) to amend. The UGA for AOR change can be submitted through NGP after ensuring that the new AOR is listed as a Grant Team member.</p> <p>AOR change is final after NIST has issued an Administrative Letter approving the change and your State FPO has processed the change in NGP.</p> <p>The UGAM Specific Award Conditions (SAC) provide detailed information and instructions on how to submit a UGA. Refer to the SAC for more information.</p> <p>Submit requests for an AOR change in NGP (or, if needed due to technical issues, to UGAM@nist.gov after consulting with the FPO, and cc your FPO and digitalequity@ntia.gov)</p>
<p>Project Director/ Project Investigator (PD/PI)</p>	<p>The PD/PI is the individual designated by the non-Federal entity, responsible for the scientific, technical, or programmatic aspects of the award and for day-to-day management of the project or program. The PD/PI is a member of the non-Federal entity team responsible for ensuring compliance with the financial and administrative aspects of the award. This individual works closely with designated officials within the non-Federal entity to create and maintain necessary documentation, including both technical and administrative reports; prepare justifications; appropriately acknowledge Federal support in publications, news programs, and other media; and ensure compliance with other Federal and organizational</p>	<p>Requires a UGA to amend.</p> <p>Submit requests to UGAM@nist.gov after consulting with the FPO, and cc your FPO and digitalequity@ntia.gov.</p>

User Role	Description	Notes
	requirements.	
Key Personnel	Key personnel include roles such as the Project Director, Principal Investigator, or other designated personnel named in the award as chiefly responsible for programmatic activities conducted under the award. NIST FAAMO reserves the right to identify individuals as key personnel.	Requires a UGA to amend. Submit changes along with a resume or cover letter for the new key personnel to UGAM@nist.gov after consulting with the FPO, and cc' your FPO and digitalequity@ntia.gov .

4.0 How do I Draw Down Funds in ASAP?

Automated Standard Application for Payments (ASAP) is a completely electronic system that Federal agencies, including the Department of Commerce, use to quickly and securely transfer money to Recipient organizations. Federal agencies enroll Recipient organizations, authorize their payments, and manage their accounts. Recipient organizations then request payments from these pre-authorized accounts. ASAP is free for both Federal agencies and Recipient organizations.

4.1 Key ASAP Roles

Capacity Grant Program Recipients should designate the following ASAP roles:

- Payment Requestor (PR)
- Point of Contact (POC)
- Head of Organization (HOO)
- Re-Delegated Head of Organization (RHOO)
- Authorizing Official (AO)
- Financial Official (FO)

These key personnel roles are outlined in *Table 5* below.

Table 5: Key ASAP Roles

User Role	Description	Notes
Payment Requestor (PR)	The PR may request funds from the non-Federal entity's ASAP account.	At least one payment requestor must be identified in ASAP.
Point of Contact (POC)	The POC is responsible for adding, modifying, and deleting the non-Federal entity officials in ASAP. This person's contact information must be	This person's contact information must be sent to the Grants Specialist when initiating enrollment.

User Role	Description	Notes
	sent to the Grants Specialist when initiating enrollment.	
Head of Organization (HOO)	The HOO is the non-Federal entity management official who approves or rejects the officials named by the Point of Contact. The HOO can add officials but not delete officials.	Only one person shall be designated as the HOO.
Re-Delegated Head of Organization (RHOO)	The RHOO can act on behalf of the Head of Organization to approve officials.	
Authorizing Official (AO)	The AO confirms the non-Federal entity's information and identifies users (e.g., payment requestor) who need access to ASAP.	This role is not synonymous with, and must not be confused with, the Authorized Organizational Representative identified in the award agreement.
Financial Official (FO)	The FO enters the bank account information for the non-Federal entity.	

4.2 ASAP Registration

To enroll in ASAP, the Recipient should have several pieces of information ready, including those identified in *Table 6* below, and follow the steps outlined in Section 3.2.1. **The ASAP enrollment steps must be completed by the Recipient within 30 days from initiating enrollment or the enrollment process will be terminated**

Table 6: ASAP Registration Information

Recipient Information Needed for ASAP Registration	
<input type="checkbox"/>	Organization name and organization type
<input type="checkbox"/>	Point-of-contact name and title
<input type="checkbox"/>	Point-of-contact email address
<input type="checkbox"/>	Mailing address
<input type="checkbox"/>	Fax number
<input type="checkbox"/>	Telephone number
<input type="checkbox"/>	SAM UEI
<input type="checkbox"/>	SAM EIN
<input type="checkbox"/>	AOR name and contact information
<input type="checkbox"/>	FO name and contact information

4.2.1 ASAP Step-by-Step Tutorial

The ASAP enrollment steps must be completed by the Recipient within 30 days from initiating enrollment or the enrollment process will be terminated.

To register with ASAP, the Recipient should:

Step 1: If the Recipient does not yet have an ASAP account, the Recipient should contact the NIST Grants Specialist and request an ASAP Enrollment form. Once received, complete steps two through four below and email the following grant information to the NIST Grants Specialist.

- Recipient’s organization name and organization type
- Recipient’s point of contact and title of contact
- Recipient’s mailing address
- Recipient’s point of contact email address
- Recipient’s fax number
- Recipient’s telephone number
- Recipient’s UEI number
- Recipient’s EIN

Step 2: Within five days of sending the Grants Specialist the information listed above, the Recipient should receive an email confirmation from ASAP along with user identification (ID). Within seven days, the Recipient will receive a password via U.S. mail.

Step 3: Upon receiving an ASAP ID and password, log into ASAP at www.asap.gov using the user ID and password and enter the required information on the organization’s officials.

- **Designated HOO:** The HOO will designate the AO and FO designees.
- **Designated AO:** The AO defines the RO profile and the RO users (e.g., primary requestor).
- **Designate FO:** The FO defines the banking information and links to the NTIA (ALC) (13060001) and Region Code (RC) (02). The FO certifies and signs the banking information form.

Step 4: Receive ASAP enrollment confirmation email. The Recipient enrollment steps in ASAP are complete when the AO and FO designees are approved, and banking information is certified and submitted. NIST FAAMO will email the Recipient to notify them that enrollment is complete, and funds are available to draw down.

The Recipient should use the following resources for assistance:

- NIST Grants Officer: See the award package (CD-450) for contact information
- General guidance, including ASAP training opportunities, can be found on the Department of Treasury’s website: <https://fiscal.treasury.gov/asap/>

Table 7: ASAP Contact Information

ASAP Contact Information			
Location	Time Zone	Phone	Business Hours
Philadelphia ASAP Regional Office	Eastern	(215) 516-8021	7:30 am – 4:00 pm ET
Kansas City ASAP Regional Office	Central	(816) 414-2100	7:30 am – 4:00 pm CT
San Francisco ASAP Regional Office	Pacific	(510) 594-7182	7:30 am – 4:00 pm PT

4.3 Drawing Down Grant Funds

Recipients receive DE payments using the Department of the Treasury’s ASAP system. Under the ASAP system, payments are made through preauthorized Electronic Funds Transfers. To receive payments under ASAP, the Recipient is required to enroll with the Department of Treasury, Financial Management Service, and Regional Financial Centers, which allows them to

use the online and Voice Response System (VRS) method of withdrawing funds from ASAP accounts.

DE awards obligated under the ASAP system will contain a program-wide SAC describing enrollment requirements and any controls or withdrawal limits set in the ASAP system.

Typically, the Recipient will withdraw funds through one of two methods:

- **Funding Advances:** Unless otherwise specified in the terms of an award, ASAP disburses funds to the Recipient through an advance or drawdown. Advance payments to a Recipient or subrecipient must be limited to the minimum amounts needed and be timed with actual, immediate cash requirements of the Recipient or subrecipient in carrying out the purpose of the approved program or project as per [2 CFR 200.305](#), but in no case should exceed the amount of cash required for a 30-day period. The Recipient makes requests for advances through ASAP without intervention by the DE Program Office or NIST FAAMO. However, the ASAP Helpdesk can assist the Recipient with making these requests as needed. The terms of some awards may limit the types of activities for which funds can be drawn down. In accordance with DOC policy (Section B.02), funds drawn down in advance through ASAP must be kept in an interest-bearing account and be spent within three (3) business days. It is rare that all funds will be drawn down at once. Funds drawn down that are not spent in a timely manner must be returned to ASAP.
- **Funding Reimbursement:** Reimbursement is preferred when the Federal agency or pass-through entity sets a specific condition, when requested by the Recipient or subrecipients, when a Federal award is for construction, or when a significant portion of the construction project is accomplished through private market financing, or Federal loans and the Federal award constitutes a minor portion of the project. When the reimbursement method is used, the Federal agency or pass-through entity must make payment within 30 calendar days after receipt of the payment request unless the Federal agency or pass-through entity reasonably believes the request to be improper ([2 CFR 200.305](#))

5.0 What are Unfunded Grant Actions?

Unfunded Grant Actions (UGAs), also known as Unfunded Award Requests (UARs) in other grant programs a type of Award Action Request (AAR) are one-time or irregular events involving changes to a recipient’s project, such as changes to contact information, project scope, or budget/specific project details. Depending upon the type of change, a UGA may result in an amendment to the award document on the CD-451 or an administrative change letter signed by the NIST Grants Officer. This section describes types of acceptable project modifications and instructions for submitting a UGA.

5.1 Types of UGAs

The list below describes common types of acceptable project modifications. The Recipient should consult with the FPO prior to submitting a UGA. The FPO must review and provide recommendations to NIST on UGAs. In certain instances (e.g., specific projects) Program leadership approval will be required. Still only the Grants Officer can provide **final** approval of a UGA. The Recipient should not consider any UGA final until it has received the appropriate documentation from NIST.

Changes should be reported to the DE Program Office in accordance with 2 CFR § 200.308. It is important to note that prior approval from the Grants Officer is required to effectuate any of the below actions, although certain actions do not require the Grants Officer to issue a formal award amendment via a CD-451.

Table 8: DE Unfunded Grant Actions

Types of DE Unfunded Grant Actions			
Action Requested	Description	Where to Process?	Amendment Required?
Changes in scope	NIST FAAMO may authorize changes in scope if the work being performed by the non-Federal entity as part of a grant or cooperative agreement requires altering key elements that were part of the original, approved scope of work. If the change in scope impacts the approved budget, a request for budget changes must be submitted and approved. A "Change in scope" may also necessitate an amendment to the DE Plan, triggering a different type of review for the Recipient.	UGAM@nist.gov (cc: your FPO and digitalequity@ntia.gov)	Yes

Types of DE Unfunded Grant Actions			
Action Requested	Description	Where to Process?	Amendment Required?
Budget revisions (no additional funds requested)	The Recipient should consult with the FPO on the budget revision for the UGA required and then submit the necessary documents for preliminary review and recommendation for approval to NIST. NIST may authorize budget changes and transfers of funds. The Terms and Conditions incorporated into the award dictate the level of prior approval required for budget changes and transfer of funds.	UGAM@nist.gov (cc: your FPO and digitalequity@ntia.gov)	Yes
Specific Projects Budget Revisions: Review of Specific Projects for Release of Withheld Funds	For many Recipients, only a portion of their grant was made accessible upon award. The remainder of funds have been withheld to account for limited or incomplete project details at the time of application. If at the time of application, a State or Territory had not yet identified all projects to be implemented with the Capacity Grant Program funds in alignment with DE Plans, or was unable to provide all of the project details, this information must be submitted to NIST and NTIA as an unfunded grant action as soon as practicable, but no later than nine (9) months from the period of performance start date unless an extension is secured. A Consolidated Budget Form should be submitted along with a populated Specific Projects Form to demonstrate that the project details fully align with the budget details provided. The Recipient should consult with their FPO on the SPF and CBF prior to formal submission. The	UGAM@nist.gov (cc: your FPO and digitalequity@ntia.gov)	Yes

Types of DE Unfunded Grant Actions			
Action Requested	Description	Where to Process?	Amendment Required?
	<p>submission of a fully populated SPF and accompanying CBF (at the 9-month mark or earlier) is the first step toward releasing the remaining funds and the specific award condition placed on their grant. The documents will be reviewed by NTIA to determine satisfactory completion.</p> <p>Please note that email subject line should include:</p> <p>(1) Recipient name, (2) NIST award number, (3) AOR Name, and (4) Action being requested (Review of Specific Projects for Release of Withheld Funds).</p>		
Requests for extension to the Specific Projects Budget Revision Deadline	<p>A Recipient must submit an extension request if it is unable to submit all specific projects by the Specific Projects Form deadline. Extension requests will be subject to review by NTIA and NIST and written approval by the Grants Officer before a Recipient may draw down funds to implement the project(s) at issue.</p> <p>Connect with your FPO prior to submitting an extension request to discuss the reason and what portion of the SPF may be completed by the original deadline.</p> <p>Note: the FPO's preliminary recommendations does not serve as final approval. Final approval will only be provided in writing by the Grants Officer.</p>	<p>UGAM@nist.gov</p> <p>(cc: your FPO and digitalequity@ntia.gov)</p>	Yes
Requests for no-cost extensions	No-cost extension requests to the period of performance are not	N/A	N/A

Types of DE Unfunded Grant Actions			
Action Requested	Description	Where to Process?	Amendment Required?
	permitted under the Capacity Grant Program.		
Changes in key personnel and PI/PD	NIST FAAMO may authorize changes in key personnel, PI, and PD from those specified in the original or amended award document (CD-450/CD-451).	UGAM@nist.gov (cc: your FPO and digitalequity@ntia.gov)	Yes
Other	Other types of UGAs not listed above may be submitted and reviewed, as needed. These include, but are not limited to, name change, award transfer, novation, and completion of actionable SACs (e.g., completion of an environmental assessment).	UGAM@nist.gov (cc: your FPO and digitalequity@ntia.gov)	Consult with Grants Specialist and FPO

5.2 UGA Submission Requirements and Notification

All Capacity Grant Program UGAs begin with consultation with the DE Program Office. **Before submitting a UGA, the Recipient should contact the FPO and Grants Specialist for assistance in determining the type of UGA that is needed.**

The Recipient must submit a UGA by email following the guidelines in Figure 2 below unless otherwise directed by NTIA. Please note upon submission the FPO will perform a preliminary review and provide NIST FAAMO with a recommendation. In certain instances (e.g., on Specific Projects Form related UGAs), the FPO’s recommendation will require Program Leadership sign-off. NIST FAAMO, with input from the FPO (and DE Leadership where applicable), then notifies the Recipient by email of the approval or rejection of the request within 30 calendar days, if no additional revisions by the Recipient are required. All UGAs must be submitted to the Unfunded Grant Actions Mailbox (UGAM) prior to the award end date. After the closeout period has expired, the following UGAs will only be considered under extraordinary circumstances and with sufficient documentation justifying the request: (1) Extension to Closeout; and (2) Submit Additional Closeout Documents.

Figure 2: UGA Submission Process**To submit a UGA, the Recipient should do the following:**

1. Consult with the FPO and GS to determine which type of UGA is meant to be submitted.
2. Once a Recipient has consulted with their FPO and determined the proper UGA to submit, the Recipient must submit an email to UGAM@nist.gov with a cc' to their FPO and digitalequity@ntia.gov with the subject line containing the following:
 - Recipient Name
 - Award # (as listed in NGP)
 - AOR Name
 - Action being requested (e.g., Budget Revision: Release of Funds for Specific Projects, Budget Revision, Scope Change, Key Personnel Change, etc.)
3. FPO will review and formulate a recommendation. In certain cases, the FPO's recommendation will require approval from Program leadership.
4. NIST FAAMO will confer with the FPO and render a final decision on the UGA request via CD-451 or Admin Letter.

Consult specific award conditions for details.

5.2.1 Change in Project Scope

The Recipient must report any programmatic changes, which often include changes in scope or the objective of the project or program, to NIST FAAMO ([2 CFR § 200.308](#)). To ensure compliance, the non-Federal entity is encouraged to always discuss potential or anticipated changes with the FPO and NIST FAAMO prior to initiating a change. All approved changes, or minor deviations should be discussed in your progress reports. Not all requests are guaranteed to be approved due to program requirements, funding, regulations, and other restrictions.

Any changes in scope or major programmatic changes require a written request and approval. Actions likely to be considered a change in scope (and therefore require pre-approval) include, but are not limited to, a change or shift in the specific goals, objectives, or project areas approved at the time of the award. Note that, due to the nature of the Capacity Grant Program requirements, changes in scope may trigger an amendment to the DE Plan, which would require the resubmission of a redline DE Plan and a longer review time to determine whether the Recipient's DE Plan continues to meet the requirements as established under the Planning Grant Program.

A request for a change in scope must include a justification for the change and a revised project plan and budget narrative. Often, a budget change is also required to either re-allocate or move funds between direct line items. You are encouraged to submit as much supporting documentation as necessary to substantiate the request.

Requests must be submitted in writing, via email, to UGAM, or as identified in the Specific Award Conditions by either the AOR or the PI.

Changes must not be implemented until the Recipient receives approval (CD-451 Amendment) from NIST FAAMO. The Recipient must repay any Federal funds expended relating to an unauthorized change in scope. Certain changes, or repetitive noncompliance, may result in

additional enforcement actions. Always discuss any modifications, no matter how minor, with your FPO and Grants Specialist in advance to prevent an inadvertent change in scope.

The content and extent of the change will dictate the notification process. All changes in scope must be issued via a CD-451 Amendment with the change(s) included. Typically, one amendment will address all requested changes (e.g., programmatic, budget, etc.). Requests for a change of scope must be reviewed just as thoroughly as the original proposal. Therefore, approval may take considerable time and is never guaranteed.

5.2.2 Budget Revisions (no additional funds requested)

The Terms and Conditions incorporated into your award dictate the level of prior approval required for budget changes and transfers of funds. In all instances, a Recipient must receive prior approval from the Grants Officer to create a new budget category, regardless of the amount of the proposed transfer. Requests for prior approval must be reviewed by the Grants Officer who must make the final determination on such requests and notify the non-Federal entity in writing.

Recipients should review [2 CFR § 200.308\(f\)](#) to validate when a budget revision needs to be submitted for agency approval. Additionally, the DOC is exercising the optional authority, provided in [2 CFR § 200.308\(i\)](#) to approve transfers between existing budget categories where the aggregate transfer is over 10% of the total budget approved by the Grants Officer, and when the award exceeds the simplified acquisition threshold. The Recipient must discuss any budget changes with their NIST Grants Specialist and FPO as soon as possible.

If the Federal share of the award is greater than the simplified acquisition threshold (currently \$250,000), the non-Federal entity must receive approval, in writing, from the Grants Officer unless the following applies:

- The requested transfer is between existing direct budget categories; and
- The aggregate of all transfers (previous and current request) is greater than 10% of the total budget approved by the Grants Officer. The total budget is the total Federal funds most recently approved by the Grants Officer.

Any new activity not included in the original award would need to be submitted and approved by the Grants Officer as a “change in scope.” If the change in scope impacts the approved budget, a request for budget changes must be submitted and approved. These requests can be done in one step by submitting a request in writing via email to the UGAM, or another portal identified in the Specific Award Conditions. Additional information on budget revisions can be found in [2 CFR § 200.308](#). The request must be submitted by the AOR to UGAM@nist.gov (see the guidelines in Figure 2) or as identified in the Specific Award Conditions. The request must include the following elements:

- Justification describing why the budget change is necessary and any programmatic implications resulting from the change, such as an amendment to the DE Plan.
- A revised budget and budget narrative (both found in the consolidated budget form). This may be included as part of the justification.

Any new activity not included in the original award would need to be submitted and approved by the Grants Officer as a “change in scope.” If the change in scope impacts the approved budget, a request for budget changes must be submitted and approved. These requests can be done in one step by submitting a request in writing via email to the UGAM, or other portal identified in the Specific Award Conditions. Additional information on budget revisions can be found a [2 CFR § 200.308](#).

5.2.3 Specific Projects Budget Revisions (Release of Withheld Funds)

For many Recipients, only a portion of their grant was made accessible upon award. The remainder of funds were withheld to account for limited or incomplete project details at the time of application. If the Recipient had not yet identified all projects to be implemented with the Capacity Program funds in alignment with DE Plans or was unable to provide all project details, this information must be submitted to NIST and NTIA as an unfunded grant action as soon as practicable, but no later than nine (9) months from the period of performance start date unless an extension is secured.

A Consolidated Budget Form should be submitted along with a populated Specific Projects Form to demonstrate that the project details fully align with the budget details provided so that the Recipient may comply with its specific award conditions.

Should a Recipient require an extension to the 9-month requirement for submitting specific project details due to extenuating circumstance, they must submit an extension request. The request must detail the extenuating reason(s) for the request. Extension requests will be subject to review by NTIA and NIST and written approval by the Grants Officer **before** a Recipient may draw down funds to implement the project(s) at issue.

5.2.4 Requests for No-Cost Extensions

Under the Capacity Program, no-cost extensions to the period of performance are **not** permitted.

5.2.5 Changes in Key Personnel and PI/PD

In accordance with [2 CFR § 200.308](#) certain changes in key personnel (including employees and contractors) that are identified by name or position in the Federal award require written approval from the Federal agency or pass-through entity. The Recipient must discuss any changes with their NIST Grants Specialist and FPO as soon as possible. A request to change the official PI/PD or Key Personnel must be submitted via email to the UGAM, or as designated in the Specific Award Conditions. When requesting changes in key personnel, the request must include (1) the justification for change in key personnel, (2) Resume or Curriculum Vitae (CV) of the new personnel, and (3) contact information for the new personnel. The request for a change in PI/PD or Key Personnel is not approved until the Grants Officer issues written approval. Note: AOR changes do not require resumes.

6.0 What Are My Award Compliance Requirements?

By accepting the Capacity Grant Program funds, the Recipient agrees to fulfill the reporting and other requirements mandated by Federal regulations and SACs referenced in and/or attached to the recipient's grant award. Therefore, the Recipient should carefully read and understand the SACs and Federal regulations referenced in and/or attached to the CD-450. The Recipient must comply with Federal laws and regulations, DOC policies, Executive Orders, and Office of Management and Budget (OMB) Circulars that are incorporated into the terms and conditions of the award.

Consistent with the statutory purposes of the Capacity Grant Program and according to DOC regulations and authorities, NTIA makes specific requirements with which the Recipient must comply for any post-award modification.

6.1 Allowable Vs. Unallowable Costs

Basic financial management cost principles define any charges incurred by the Federal grant as either allowable or unallowable. Allowable costs are charges incurred by a program that can be covered with the Capacity Grant Program. Unallowable costs are charges incurred by a project that cannot be covered or reimbursed by the Capacity Grant Program.

Allowable costs are those costs consistent with the principles set out in [2 CFR § 200 Subpart E](#), and those permitted by the grant program authorizing legislation. *The fact that a cost requested in a budget is awarded does not ensure a determination of allowability.* The organization is responsible for consistently presenting costs. To be allowable under Federal awards, costs must be reasonable, allocable, and necessary to the project, and they must also comply with the funding statute and agency requirements (see 2 CFR § 200, Subpart E).

The [NOFO](#) also outlines the eligible uses of funds for Capacity Grant Program. The Recipient is advised to consult the FPO and Grants Specialists with any questions about uses of funds.

Unallowable costs are those costs that do not meet the criteria of reasonableness, allowability, and allocability. Non-Federal entities must not use Federal awards or match funding for unallowable costs under the award. Per [2 CFR § 200.1](#) (disallowed costs), *“Disallowed cost means those charges to a Federal award that the Federal awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable Federal statutes, regulations, the provisions of this part, or the terms and conditions of the Federal award.”*

It is important that each Recipient applies the allowable cost test when deciding on spending grant funds. Per [2 CFR § 200.410](#), *“Payments made for costs determined to be unallowable by either the awarding Federal agency, cognizant agency for indirect costs, or pass-through entity, must be refunded (with interest) to the Federal Government. Unless directed by Federal statute or regulation, repayments must be made in accordance with the instructions provided by the*

Federal agency or pass-through entity that made the allowability determination See also [2 CFR § 200.346](#), Collection of amounts due.

The [NOFO](#) also outlines the eligible uses of funds for the Capacity Grant Program. The Recipients are advised to consult the FPO and Grants Specialists with any questions about uses of funds.

The Recipient is responsible for providing adequate safeguards to prevent fraud, waste, abuse, and mismanagement of Federal funds. Proper management of award funds prevents misuse of funds. See Section **8.4 Fraud, Waste, Abuse** for additional information.

6.2 Specific Award Conditions

NIST FAAMO and NTIA may adjust SACs in the Federal award based on an analysis of the following factors:

- (1) Review of OMB-designated repositories of government-wide data (for example, SAM.gov) or review of its risk assessment (See § 200.206);
- (2) The recipient's or subrecipient's history of compliance with the terms and conditions of Federal awards;
- (3) The recipient's or subrecipient's ability to meet expected performance goals as described in § 200.211; or

A determination of whether a Recipient or subrecipient has inadequate financial capability to perform the Federal award ([2 CFR § 200.208](#)) A Recipient's failure to comply with the SACs may cause the NIST FAAMO and NTIA to take certain actions depending on the severity and duration of the non-compliance in accordance with applicable statutes, regulations, and policies. Depending on the specific circumstances, NIST FAAMO and NTIA may allow the Recipient to correct the deficiencies prior to acting; however, even if a Recipient is taking corrective action, NIST FAAMO and NTIA may take proactive actions to protect the Federal Government interest in the award. They may also take actions designed to prevent future non-compliance, such as additional monitoring activities.

6.3 Classification of Costs

Direct Costs: Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. In general, direct costs are line items in a grant budget for specific activities ([2 CFR § 200.413](#)). Examples of direct costs include salaries and fringe benefits for grant personnel, program coordination and project execution, equipment required to administer the program, office supplies, and postage.

Indirect Costs: Indirect costs represent the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs. In general, indirect costs support the overall administration of a Recipient organization ([2 CFR § 200.414](#)). Examples of indirect costs include depreciation of facilities, facility occupancy costs, general

liability insurance, general legal services, taxes, rent and utilities, indirect salaries, and accounting fees.

It is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect cost in order to avoid possible double charging of Federal awards.

6.4 Record Retention Requirements

After the award project and performance period have ended, supporting documentation, financial records and other documents may be subject to future review. The Recipient must provide NIST FAAMO, NTIA, and the Office of the Inspector General (IG), access to all records that are pertinent to the Federal award to perform audits, execute site visits, or for any other official use. This also includes timely and reasonable access to the recipient's or subrecipient's personnel for the purpose of interviewing and discussion related to such documents or the Federal award in general. NIST FAAMO and NTIA will provide advance notice in a timely and reasonable manner to allow the Recipient time to engage in interviews and discussions related to the award documentation ([2 CFR § 200.337](#)).

The Recipient must keep Capacity Grant Program records in accordance with the guidelines mentioned in [2 CFR § 200.334](#). The Recipient and subrecipient must retain all Federal award records for three years from the date of submission of their final financial report. For Federal awards that are renewed quarterly or annually, the Recipient and subrecipient must retain records for three years from the date of submission of their quarterly or annual financial report, respectively. Records to be retained include but are not limited to, financial records, supporting documentation, and statistical records. Supporting documentation, financial records, and other documents may be subject to future review.

In cases where litigation, claims, or an audit is initiated prior to the expiration of the three-year period, records must be retained until completion of the action and resolution of any issues associated with it or the end of the three-year retention period, whichever is later.

Figure 3: Records Retention

Capacity Grant Program Recipients are advised to retain the following award documents after closeout, including, but may not be limited to:

- *Award package;*
- *Financial records;*
- *Evidence of program accomplishments;*
- *Progress reports (Semi-Annual, Annual, and Final);*
- *Audit follow-up records;*
- *Monitoring records;*
- *Written determinations and pre-approvals between NIST FAAMO, NTIA, and Capacity Grant Program recipient;*
- *Records supporting all costs charged to the award;*
- *Procurement records;*
- *Subawards issued by the Recipient and all documentation supporting the management and oversight of the subawards;*
- *Final closeout letter;*
- *Record of reconciliation; and*
- *Property disposition forms.*

6.5 Single Audit Requirements

A Single Audit is when a qualified auditor reviews a recipient's financial management processes, including its financial management system and compliance with all of its Federal grant requirements. A Single Audit combines one audit covering all of a recipient's Federal grants. The purpose is to ensure that each Recipient receiving Federal grant funds uses the funds in compliance with the government's requirements. It was created to promote sound financial management, uniform guidelines for audits, and efficiently deploy audit resources. This cost-effective option replaces the need for the Federal government to audit the same Recipient multiple times for different Federal awards.

The audit requirements for Capacity Grant Program awards are contained in Section D of the Department of Commerce Financial Assistance Standard Terms and Conditions (12 November 2020), which are incorporated by reference into every Capacity Grant Program award. Specifically, recipients that are subject to the provisions of [Subpart F of 2 CFR § 200](#) and that expend over a certain threshold in a year in Federal awards during their fiscal year must have an audit conducted for that year in accordance with the requirements contained in [Subpart F of 2 CFR § 200](#) (see [2 CFR § 200.501](#)). Within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a different period is specified in a program specific audit guide, a copy of the audit must be submitted electronically to the Federal Audit Clearinghouse (FAC) through the FAC's Internet Data Entry System (IDES) (<https://harvester.census.gov/facides/>). In accordance with [2 CFR § 200.425](#) (Audit services),

the Recipient may include a line item in the budget for the allowable costs associated with the audit, which is subject to the approval of the Grants Officer.

Unless otherwise specified in the terms and conditions of the award, entities that are not subject to [Subpart F of 2 CFR § 200](#) (e.g., for-profit entities, foreign public entities and foreign organizations) and that expend more than the required amount in Federal funds during their fiscal year (including both as a Recipient and a subrecipient) must submit to the Grants Officer either: (i) a financial related audit of each DOC award or subaward in accordance with Generally Accepted Government Auditing Standards (GAGAS); or (ii) a project specific audit for each award or subaward in accordance with the requirements contained in [2 CFR § 200.507](#). Within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a different period is specified in a program-specific audit guide, a copy of the audit must be submitted to the Grants Officer. In accordance with [2 CFR § 200.425](#), the Recipient may include a line item in the budget for the allowable costs associated with the audit, which is subject to the approval of the Grants Officer. Entities that are not subject to [Subpart F of 2 CFR § 200](#) or entities that expend less than the required threshold in Federal funds in a given fiscal year are not required to submit an audit(s) for that year but must make their award-related records available to DOC or other designated officials for review and audit.

Generally, the objectives of a Single Audit are to determine if the Recipient receiving Federal funds has engaged in the following activities:

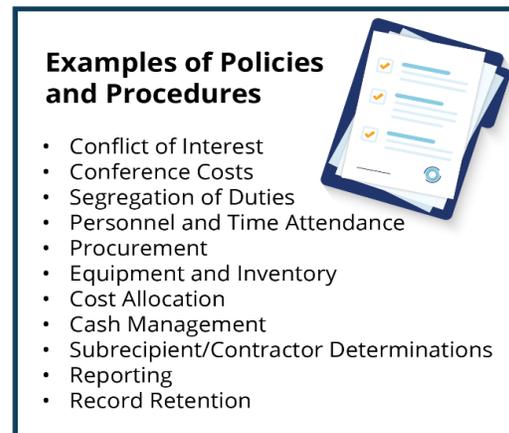
- Established an accounting system with adequate internal controls that provide full accountability for revenues, expenditures, assets, and liabilities.
- Prepared financial statements which are presented fairly and in accordance with generally accepted accounting principles (GAAP).
- Submitted financial reports (including Federal Finance Reports), cash reports, and claims for advances and reimbursements contain accurate and reliable financial data and are presented according to the terms of applicable agreements.
- Expended Federal funds in accordance with the terms of award agreements and those provisions of Federal law or regulations that could have a material effect on the financial statements, or the awards tested.

When a Recipient has an audit finding, it must develop a Corrective Action Plan to respond to each of the auditor's findings per [2 CFR § 200.511](#). The Corrective Action Plan must provide the name(s) of the contact person(s) responsible for the plan, the corrective action to be taken, and the anticipated completion date. If the Recipient disagrees with the findings, the Recipient provides an explanation and specific reasons for disagreement in its Corrective Action Plan.

6.6 Internal Controls

Internal controls are the processes and systems through which the Recipient ensures that they operate efficiently and effectively, accurately handle their finances and accounting, report reliable data and information about its operations and grant programs, and comply with their policies and procedures, and applicable laws and regulations. Internal controls detect fraud, waste, abuse, and mismanagement of Federal funds. The Recipient must establish and maintain effective internal controls over the Federal award, thereby providing reasonable assurance that its awards are managed in compliance with Federal statutes and the terms and conditions of the award (see [2 CFR § 200.303\(a\)](#)).

Figure 4: Examples of Policies and Procedures



A system of internal control includes written policies and procedures designating specific roles for various individuals enabling separation of duties, checks and balances of actions, and differentiation of roles. For example, someone other than the person posting transactions should reconcile bank accounts. Someone who does not reconcile should always review the reports. Another critical element of an effective internal control system is the separation of duties. To ensure effective internal controls, no individual should perform two consecutive tasks, for example, in an accounting procedure. The Recipient can plan for a separation of duties by developing a chart with each step of a process for a specific area, such as cash receipts or payroll. Each internal control should be developed to ensure that no individual is assigned two consecutive tasks. Other examples of internal controls are procurement and vendor management, inventory and equipment management, among other policies and procedures.

The Recipient's internal control plans should consist of five key elements: **control environment, risk assessment, control activities, information and communication, and monitoring activities**. To ensure effective internal controls are in place, the Recipient should develop policies and procedures.

6.7 Program Income

Per [2 CFR § 200.1](#), program income is defined as “*gross income earned by the Recipient or subrecipient that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.*” Generally, recipients are encouraged to earn income to defray program costs where appropriate ([2 CFR § 200.307](#)). Program income must be used for activities related to the original purpose of the Capacity Grant Program. Program income earned during the period of performance may only be used for costs incurred during the period of performance or for allowable closeout costs ([2 CFR § 200.472\(b\)](#)). Program income must be expended prior to requesting additional Federal funds ([2 CFR § 200.305\(b\)\(5\)](#)). A Capacity Grant Program Recipient must account for any program income received as a result of their Capacity Grant and is responsible for tracking and spending program income in an allowable manner. Unless otherwise indicated, the Recipient must retain the records for program income earned after the period of performance for three years from the end of the recipient's fiscal year in which the program income is earned ([2 CFR § 200.334\(e\)](#)). [2 CFR § 200.334\(e\)](#).

6.7.1 Use of Program Income

Per [2 CFR § 200.307](#), there are three methods of applying program income: deduction, addition, and cost-sharing.

1. Deduction - Program income is deducted from the total allowable costs, reducing the overall total amount of the Federal award.
2. Addition - Program income is added to the total allowable costs, increasing the overall total amount of the Federal award.
3. Cost-Sharing - Program income is used to meet the Federal award's cost sharing requirement.

The DOC General Terms and Conditions (Term B.06) allows recipients to use any of the three methods of calculating program income; however, while the cost-sharing method is allowed, it is not relevant to the Capacity Grant Program. Please see [2 CFR § 200.307](#), for additional information on these calculation methods.

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees, and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds.

Unless otherwise specified in federal statutes, regulations, or award terms and conditions, program income does not include:

- Governmental revenues such as taxes, special assessments, levies, and fines;
- Proceeds from the sale of real property, equipment, or supplies (see [2 CFR § 200.311](#), [200.313](#), and [200.314](#) for additional information); or
- Fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under the Federal award subject to [37 CFR § 401](#).

6.8 Procurement

Procurement is the process that the Recipient undergoes to obtain goods and services to administer and implement the Capacity Grant Program. As part of procurement, the Recipient selects vendors and establishes the payment terms. When used correctly, procuring goods or services can help the organization implement a successful project or program.

General procurement requirements for the Recipient and subrecipients are located in 2 CFR § 200.317-200.327. The regulations require that procurement activities be performed in an equitable and competitive manner to promote equal treatment, efficiency, and economy in Federal grant activities. To ensure objective contractor performance and eliminate an unfair competitive advantage, contractors should be excluded from competing for such procurements if they develop or draft grant applications or contract specifications, requirements, statements of work, invitations for bids, and/or requests for proposals. In addition, the Recipient should have an internal control or documented process to check for organizational conflict of interest with potential contractors. The Uniform Guidance sets strict requirements around procurement and guarding against conflicts of interest that can occur when purchasing goods and services under Federally funded grants and contracts. The Recipient will need to comply with their own policies and procedures, [2 CFR § 200](#), and NOFO requirements as applicable. Please note that NTIA and NIST can request all procurement documentation at any time, to include during monitoring, for review.

Figure 5: Procurement Tips**Tips for Successful Procurement**

- Make reasonable requirements for the competitive purchases. For example, do not require excessive experience or bonding.
- Pay attention and avoid possible entity conflicts of interest, such as buying goods from a family member. Compare price, quality, and/or performance of “brand” name items with equivalent items.
- Learn about (and practice) checking the [debarment list](#). The Office of Federal Contract Compliance Programs (OFCCP) manages debarment list of current entities or individuals that have been declared ineligible to receive federal contracts due to prior statutory violations.
- Compare lease to purchase costs for equipment; sometimes leasing is more economical.

6.8.1 Build America, Buy America

The Build America, Buy America Act (BABA) contains a domestic content procurement preference, which requires the head of each Federal agency to ensure that none of the funds made available for a Federal award for an infrastructure project may be obligated unless all of the iron, steel, manufactured products, and construction materials incorporated into the project are produced in the United States ([2 CFR § 184](#)).

All Federal awards for infrastructure projects must include the BABA in the terms and conditions. The Buy America Preference must be included in all subawards, contracts, and purchase orders for the work performed, or products supplied under the Federal award. The terms and conditions of a Federal award flow down to subawards to subrecipients unless a particular section of the terms and conditions of the Federal award specifically indicates otherwise.

6.9 Property and Equipment

Tangible personal property means property of any kind that has physical existence and includes equipment and supplies. It does not include copyrights, patents, or securities. Property may be provided by NTIA or acquired by the Recipient with award funds. Federally owned property consists of items that were furnished by the Federal government. Equipment includes tangible personal property (including information technology systems) having a useful life of more than one year and per-unit acquisition costs that equals or exceeds the lesser of the capitalization level established by the Recipient or subrecipient for financial statement purposes or \$10,000. A computing device (e.g. laptop, tablet/iPad, desktop) is a supply if the acquisition cost is below the lesser of the capitalization level established by the Recipient or subrecipient for financial statement purposes or \$10,000, regardless of the length of its useful life.

Equipment must be used for the authorized purposes of the project during the period of performance or until the property is no longer needed for the purposes of the project. The

Recipient may use the equipment for the program or project for as long as needed, whether the project or program continues to be supported by the Federal award.

The Grants Officer may require a non-Federal entity (i.e. a Recipient or Subrecipient) to execute and to record (as applicable) a statement of interest, financing statement (Form UCC-1), lien, mortgage or other public notice of record to indicate that real or personal property acquired or improved in whole or in part pursuant to a Capacity Grant Program award is subject to the Federal Interest, and that certain use and disposition requirements apply to the property. The statement of interest, financing statement (Form UCC 1), lien, mortgage or other public notice must be acceptable in form and substance to NTIA and to NIST FAAMO and must be placed on record in accordance with applicable State and local law, with continuances re-filed as appropriate. In such cases, the Grants Officer may further require the non-Federal entity to provide NTIA and NIST FAAMO with a written statement from a licensed attorney in the jurisdiction where the property is located, certifying that the Federal Interest has been protected, as required under the award and in accordance with applicable State and local law. The attorney's statement, along with a copy of the instrument reflecting the recordation of the Federal Interest, must be promptly returned to the Grants Officer. The non-Federal entity may use model documentation made available by NTIA.

The Uniform Guidance establishes specific rules for disposing of equipment, depending on what the equipment will be used for and its value (see [2 CFR § 200.313\(e\)](#)). The Recipient must request disposition instructions from the Federal awarding agency. Equipment with a current fair market value of \$510,000 or less (per unit) may be retained, sold, or otherwise disposed of with no further responsibility to the Federal agency (see [2 CFR § 200.313\(e\)\(1\)](#)). However, if the equipment has a current, per-unit fair market value in excess of \$10,000 and NIST FAAMO, in coordination with NTIA, fails to provide disposition instructions within 120 days after receiving a disposition request from a recipient, the Recipient may retain or sell the equipment but must pay the Federal Government its Federal share based on a percentage of Federal participation in the initial acquisition ([2 CFR § 200.313\(e\)\(2\)](#)).

In addition, the Recipient must capture the acquisition costs of equipment in their accounting system and report it in their financial statements and financial report to NTIA. The SF-428 form is a standard form to collect information related to tangible personal property.

The Recipient may be required to provide Federal awarding agencies with information concerning property in their custody annually, at award closeout, or when the property is no longer needed. Specific requirements will vary based on award provisions, the type of property (equipment or supplies), and whether the property is Federally owned.

6.10 Protection of Human Subjects

The Recipient of a Capacity Grant Program must comply with the DOC regulations and award SACs relating to protection of human subjects for any research conducted or supported with grant funds. Guidelines for protecting the information of human subjects, which may be collected to inform digital equity capacity, can be found in [15 CFR § 27](#): Protection of Human Subjects. In addition, NTIA has provided detailed compliance guidance for the Recipient in Attachment 4 of this handbook.

Figure 6: Human Subject Research

Human Subject:

A living individual about whom an investigator (whether professional or student) conducting research obtains: (1) Data through intervention or interaction with the individual; or (2) Identifiable private information.¹

Research:

A systematic investigation, including research development, testing and evaluation, designed to develop or contribute to generalizable knowledge.²

For the purposes of the human subject's research (HSR) policy, NTIA is particularly concerned about protecting certain populations from being subject to research without their informed consent and that human subjects should not incur increased risk of harm from their research involvement, beyond the normal risks inherent in everyday life. To that end, NTIA requires the Recipient to take special precautions if HSR involves certain populations. These populations include pregnant women, children, fetuses, and prisoners as set forth in the regulations at [Part 46, Subparts B, C, D, of Title 45](#) of the Code of Federal Regulations.

DOC regulations at [15 CFR § 27](#) require that non-Federal entities that receive funding or support from the DOC maintain appropriate policies and procedures for the protection of human subjects. In the event it becomes evident that human subjects may be involved in this project, the non-Federal entity (generally through the Recipient) must submit appropriate documentation to the Federal Program Officer for approval by the appropriate DOC officials. As applicable, this documentation must include:

1. Documentation showing approval of the project activity by an Institutional Review Board (IRB) under a Federal Wide Assurance issued by the Department of Health and Human Services or other Federal agency guidelines (also see [15 CFR §27.103](#))
2. Documentation supporting an exemption for a project activity under [15 CFR §27.104\(d\)](#)
3. Documentation of IRB approval for any modifications made to a previously approved protocol or to an informed consent form.
4. Documentation of IRB approval for a continuing review that was approved before the expiration date of the previous IRB determination.
5. Documentation of any reportable events, such as serious adverse events or unanticipated problems

No research involving human subjects is permitted under this award unless expressly authorized by SACs, or otherwise in writing by the Grants Officer. Further, no work involving human subjects may be undertaken, conducted, or costs incurred and/or charged for human subject's research (HSR), until the appropriate documentation is approved in writing by the Grants Officer. See Attachment 4 for further guidance on HSR.

¹ See [15 CFR 27.102 \(e\)](#)

² [15 CFR 27.102 \(l\)](#). Examples of systematic investigations include surveys, interviews, observations, research development of testing and evaluations that are designed to develop or contribute to the generalizable knowledge.

7.0 What are the Subrecipient Requirements?

A subrecipient is a “non-Federal” entity such as a nonprofit organization, government agency or group that receives a subaward from a Recipient to carry out part of a Federal program. For the Capacity Program, more specifically, a subrecipient must be an eligible entity as described in 47 U.S.C. §1724(b) of the Infrastructure Act that is located in the State or Territory to: (a) assist in the implementation of the Digital Equity Plan of the State or Territory; (b) pursue digital inclusion activities in the State or Territory consistent with the Digital Equity Plan of the State or Territory; and (c) report to the State or Territory regarding the digital inclusion activities of the entity.³

The Recipient is required to have policies and procedures for monitoring all subrecipients. Subrecipient performance is measured against the objectives of the program, responsibility for programmatic decision making, adherence to applicable program compliance requirements, and uses of Federal funds to carry out their portion of the programmatic effort of the project.

Including a subrecipient monitoring policy as part of a recipient’s financial management policies and procedures is necessary to ensure all Federal dollars are utilized for authorized purposes in compliance with applicable laws, regulations, and provisions to complete the objectives of the funded project. The procedures to implement the policy include making legal agreements with subrecipients and using a formal subrecipient monitoring plan.

The Recipient must create a subrecipient agreement as part of the sub-granting process to help ensure compliance with the Program requirements and between the Recipient, as a pass-through entity, and subrecipient. It is important that each party signs the agreement. An effective agreement is required to include all elements identified in accordance with [2 CFR § 200.332](#) some of which include:

- Federal award identification;
- Subrecipient’s name (must match the name associated with its unique entity identifier);
- Subrecipient's unique entity identifier (UEI);
- Federal Award Identification Number (FAIN) and Subaward Number;
- Federal Award Date (i.e., date when the Federal award is signed by the authorized official of the Federal awarding agency) and Subaward Date;
- Subaward Period of Performance (PoP) Start and End Date (to fall within the Recipient’s PoP);
- Subaward Budget Period Start and End Date (to fall within the Recipient’s PoP);
- Amount of Federal Funds Obligated in the subaward by the pass-through entity to the subrecipient;
- Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity, including the current financial obligation;
- Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;

³ NOFO Sections I.C.2; II.C.3

- Federal award project description, as required to be responsive to by the Federal Funding Accountability and Transparency Act (FFATA). Please note subaward reporting requirements at the FFATA Reporting System at <https://www.fsrs.gov/>;
- Name of Federal agency, pass-through entity, and contact information for awarding official of the pass-through entity;
- Assistance Listings (formerly Catalog of Federal Domestic Assistance) number and Title and number; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at the time of disbursement;
- Identification of whether the Federal award is Research and Development (R&D) for research and development. Note that R&D is not the same as research as under HSR;
- Indirect cost rate for the Federal award (including if the de minimis rate is charged) per used in accordance with [2 CFR § 200.414](#) and, where applicable, in accordance with State processes on allowing or disallowing indirect costs;
- All requirements of the subaward, including requirements imposed by y the Pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulation, and the terms and conditions of the Federal award; and
- Any additional requirements that the Pass-through entity imposes on the subrecipient for the Pass-through entity to meet its responsibilities under the Federal Award. its own responsibility to the Federal awarding agency including identification of any required financial and performance reports.

Additionally, this agreement should explicitly account for requirements communicated as applicable to subrecipients in the [NOFO](#), such as in program assessment of effectiveness, performance measurement and evaluation, cyber security best practices, audit requirements, certifications, and disclosures. The Recipient should call out reporting requirements and due dates within the subrecipient agreements to afford the Recipient time to review and compile subgrantee data in support of the Recipient reporting to NTIA.

7.1 Risk Assessment

Subrecipient monitoring is a critical tool to help ensure compliance and proper stewardship of Federal grants. Monitoring should include an initial and ongoing assessment of subrecipient risk levels informed by subrecipient compliance, monitoring findings, etc. The level of risk may change over time and establishing a standard cadence of risk assessment is essential for understanding the evolving risk among a Recipient's subgrant portfolio. As such, monitoring plans and timing should be informed by the subrecipient risk levels. Risk assessment begins with determining the subrecipient's risk of not meeting the grant award terms and conditions, including all Federal rules and regulations associated with grant management.

Table 9 below offers an example of a risk assessment, but the Recipient needs to make its own risk determination based on the project, staffing and management capabilities, and the State's policies on risk and subgrantee management.

Table 9: Example Risk Assessment Table

	Low Risk	Medium Risk	High Risk
Recommended Assessment of Risk Levels	<ul style="list-style-type: none"> • Less than \$250,000 in pass through dollars • Experienced subrecipient with no prior performance issues 	<ul style="list-style-type: none"> • New to the program • Turnover in key staff positions • Previous compliance or performance • New or substantially changed system • More than \$250,000, but less than \$1,000,000 in pass through dollars 	<ul style="list-style-type: none"> • \$1,000,000 or more in pass through dollars requires a review of the subrecipient's single audit
Minimum Recommended Monitoring Schedule	Two times/year	Quarterly	Monthly

NTIA may request documentation on the Recipient's subrecipient monitoring and risk assessment during the course of monitoring and audits. The Recipient should maintain documentation on: (1) how it assessed the subrecipient risk; (2) when the risk assessment was performed; (3) who performed the risk assessment (which is also a critical internal control and should be documented as such); and (4) the process for monitoring subrecipients with high risk levels.

8.0 How will NTIA Monitor my Project and Provide Technical Assistance?

8.1 Reporting

As set forth in 47 U.S.C. §1723(g)(1), any entity to which a grant, including a subgrant, is awarded under this program shall be required to publicly report on the use of that grant; the progress towards fulfilling the objectives for which the grant was awarded; and the implementation of the State Digital Equity Plan of the State. Reporting is mandatory for each year during the period of performance of a recipient's grant and must be submitted in a format specified by the Assistant Secretary. These reports detail the use of that grant by the entity, the progress of the entity toward fulfilling the objectives for which the grant was awarded, and the implementation of the State Digital Equity Plan. The Assistant Secretary may establish additional reporting and information requirements for any Recipient of a grant as necessary to fulfil the requirements of the Digital Equity Act. Annual reporting requirements will be due one

hundred twenty (120) days after every 12-month project period of the 5-year period of performance.

In addition to the Annual Reports, the Capacity Grant Program Recipient must follow the reporting guidelines identified in the SACs associated with the award. The Recipient will submit performance (technical) and financial reports on a semiannual basis for the periods ending March 31 and September 30 of each year. These reports will be due within thirty (30) days after the end of the reporting period. A final financial report is due within one hundred twenty (120) days after the end of the project period along with the last of the Recipient’s annual reports. The Recipient should review its specific award conditions to understand when the first report will be due.

NTIA is required to review the submission of performance (technical) and financial reports, ensure that the reports are submitted on time, and confirm that the Recipient demonstrates how it has carried out the grant. NTIA may ask for revisions to the reports if needed. The performance (technical) reports should document how the Recipient fulfills all program requirements. NTIA compares the performance (technical) report to the financial report to assess whether reported spending areas align with the activities performed. NTIA and NIST will review costs incurred with drawdowns to ensure both sets of documentation match. In addition, the financial reports are reviewed for alignment with the proposed budget and, to the extent possible, for compliance with Federal cost principles.

8.2 Monitoring Activities

Subrecipient Monitoring.

Under [2 CFR § 200.329\(a\)](#), the grant recipient is responsible for oversight of the operations of the Federal award supported activities. It is the responsibility of the Recipient receiving Federal funds to ensure that all reports are submitted timely, documents are maintained properly, and to contact FPOs immediately for guidance if questions arise pertaining to the grant. [2 CFR § 200.329\(a\)](#) states: *“The Recipient and subrecipient are responsible for the oversight of the Federal award. The Recipient and subrecipient must monitor their activities under Federal awards to ensure they are compliant with all requirements and meeting performance expectations. Monitoring by the Recipient and subrecipient must cover each program, function, or activity.”*

FPO Monitoring of the Recipient.

A monitoring activity and the frequency in which it is performed is determined by a Recipient’s assigned level of monitoring (advanced, intermediate, or low). Monitoring levels are determined by a recipient’s cumulative risk assessment score (low, moderate, or high). The primary programmatic and financial monitoring activities are quarterly conference calls, desk reviews, and site visits.

Table 10: Monitoring Activity Overview

Risk Level	Monitoring Level	Required Monitoring Activity	Frequency	Location
Low	Low	Quarterly Conference Calls	4 Per Year	Remote/Virtual

Moderate	Intermediate	Quarterly Conference Calls	3 Per Year	
		Desk Review	Annually	
High	Advanced	Quarterly Conference Calls	3 Per Year	Recipient site and/or Program location
		Site Visit	Annually	

Quarterly conference calls (QCC) are scheduled monitoring activities that are performed in addition to one-on-one engagement that often occur between the Recipient and FPOs. While QCCs are associated with low risk and monitoring levels, they are required for monitoring all recipients regardless of their assigned monitoring level to check in on project progress, conduct ongoing assessments, and address any issues.

Desk reviews and site visits are intermediate and advanced levels of monitoring which require more detailed and focused reviews. During these monitoring activities, previously submitted performance and financial reports, as well as financial systems, are reviewed to assess organizational risks and confirm that the Recipient has the capacity to meet project deadlines. Both monitoring activities require all staff who work on the grant to be available for interviews, as NTIA may have specific questions for the subject matter experts pertaining to the grant. For example, NTIA may have a specific question regarding the budget or expenditures. The grant program's financial manager will need to be present to answer those questions. During desk reviews and site visits, NTIA will also examine a Recipient's compliance with all aspects of the Uniform Guidance, program guidelines, and any additional administrative requirements placed on the award. NTIA will review the Recipient's administrative policies and procedures, including:

- **Internal controls:** Key controls, documented business processes, and policies and procedures governing business cycles involved in award execution.
- **Accounting systems:** Sampling may be conducted, which would involve sampling transactions included in the financial reports. NTIA may request expenditure source documentation such as canceled checks, paid bills, and payroll.
- **Allowability:** Written procedures for determining the allowability of costs will be examined. In addition, sample transactions in recent financial reports to look for documentation supporting each transaction's compliance with internal policies and procedures and the requirements at [2 CFR § 200.403](#) that costs are necessary, reasonable, and allocable to Federal awards.
- **Procurement system:** NTIA will most likely review a sample of procurements to ensure that the procurement requirements of 2 CFR § 200.317– 200.327 have been met.
- **Subrecipient monitoring:** NTIA will review the controls that the Recipient has in place in support of monitoring its subrecipients.
- **Inventory process:** NTIA may review the Recipient's property management and inventory controls.
- **Time and effort expenditures:** NTIA may review the Recipient's timesheets, time certifications general ledger reports, and payroll distribution reports to assess appropriate time keeping for the program
- **Audit resolution process:** NTIA will confirm and review any required audits and review

a copy of the most recent audit report. If there are audit findings, NTIA may request a copy of any Corrective Action Plans submitted, any records detailing the implementation of the Corrective Action Plan, and any records demonstrating resolution of the underlying concern.

- **Records retention:** NTIA will confirm if the Recipient has and follows any policies and procedures governing the retention of records and that those policies and procedures meet the minimum Federal requirements ([2 CFR § 200.334](#)).

For the Recipient, that requires a desk review or site visit, it is critical to have the required documentation organized and readily available, as NTIA may request it for review. The following table includes an example of a checklist of documentation that may be requested. Please note that this list is **not** exhaustive.

Table 11: Monitoring Checklist

Documentation	Yes	No	Uncertain	Comments
Subrecipient monitoring policies and procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Organizational Charts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Description of accounting system and chart of accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Copies of written policies and procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial reports from the recipient's accounting system and supporting payment requests and reported expenditures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Employee handbook	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Current negotiated indirect cost rate agreement (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Most recent single audit report (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Award and Specific Award Conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Records of payments and reported expenditures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Evidence of budget or scope changes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Records supporting actions required in specific conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Records of necessary prior approvals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Documentation	Yes	No	Uncertain	Comments
Results and status of audits or monitoring reviews that have been conducted on the recipient's award	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Records of Cybersecurity policies/procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

All monitoring activities (quarterly conference calls, desk reviews, and site visits) are performed to confirm that each grant recipient is sufficiently maintaining proper oversight in grant administration and the execution of grant-funded activities by detecting and deterring potential fraud, waste, abuse, and mismanagement. Recipients will be assessed in the areas of administrative, financial, and programmatic compliance to determine if: (1) Federal grant funds are being used in line with statutory, regulatory, and programmatic requirements as defined in the DE Capacity Grant NOFO, and (2) grant recipients are conducting activities in line with their approved Project Budget. The Recipient will be notified in advance by their FPO to schedule, review, and outline the expectations and objectives prior to the monitoring activity. Once a monitoring activity has been performed Recipients will receive a follow up letter and corrective actions (if applicable). These activities will be formally documented in NGP by FPOs; however, Recipients should also store and maintain files for all monitoring activities for documentation and future referencing purposes.

In accordance with [2 CFR § 200.339](#), the Federal agency or pass-through entity may implement specific conditions or one of more enforcement actions if the Recipient or subrecipient fails to comply with the U.S. Constitution, Federal statutes, regulations, or terms and conditions of the Federal award. The DOC Grants Manual further defines the scope of allowable enforcement actions, which includes both pre-enforcement measures, such as a written warning, and official enforcement measures, such as suspension of payment or termination of award.

8.3 Technical Assistance

NTIA intends to offer technical assistance on a broad set of topics. Examples may include digital equity plan maintenance and implementation, grants financial management, subrecipient monitoring, and unfunded grant actions, such as specific projects related budget revisions. Technical Assistance will be delivered through various methods including workshops and webinars, self-service materials such as templates and FAQs, as well as one-on-one assistance tailored to specific situations.

The BBUSA [Technical Assistance Hub](#) provides a one-stop shop for resources and tools in support of NTIA's grant programs.

Project Management Meeting (Kick-Off). After the award start date, NTIA will contact the Recipient to arrange a project management meeting to kick-off the award. The purpose of the meeting is to explain to the Recipient its post-award responsibilities for the administration of the award, including its responsibilities with respect to the terms and conditions of the award and applicable Federal requirements. The Recipient's AOR and the Recipient's financial representative should attend.

8.4 Fraud, Waste, and Abuse

As a Recipient of Federal funds, Capacity Grant Program, Recipients are required to use the funds only for the intended purpose and within the established guidelines. Recipients are responsible for providing adequate safeguards to prevent fraud, waste, abuse, and mismanagement of Federal funds. Proper management of award funds prevents misuse of funds.

The definitions of fraud, waste, abuse, and mismanagement are as follows:

- **Fraud** is an attempt to obtain something valuable through intentional misrepresentation. An example of fraud would be an individual stealing money by directing contracts to fake companies.
- **Waste** is the misuse of funds or resources through excessive or nonessential expenditures. An example of waste is a program manager purchasing overpriced equipment that could have been purchased for a lesser price at a different company.
- **Abuse** occurs when there is an intentional and unacceptable use of grant funds or misuse of one's position.
- **Mismanagement** is failure to appropriately manage budgets, expenditures, or documentation for grant funds.

Misuse of grant funds can occur in many different ways. However, some of the most common types of misuse of grant funds are:

- **Conflict of interest:** For example, when an individual has a personal or business interest that conflicts with their professional obligations or responsibilities to the organization.
- **Failure to properly support the use of award funds:** For example, when an individual deliberately re-budgets funds in a manner different from the purpose outlined in the award agreement.
- **Theft:** The embezzlement of the funds that are awarded to the organization.

Committing fraud can have drastic consequences. If a Recipient or subrecipient is found to have committed grant fraud, waste, abuse, or mismanagement, the consequences could be any or all of the following:

- The Recipient or subrecipient is banned from receiving future Federal funding.
- The Recipient or subrecipient is responsible for the administrative recoveries of the funds.
- The Recipient or subrecipient has a civil lawsuit or criminal prosecution brought against them.

The Recipients or subrecipients of award funds should develop and implement preventative measures and processes to decrease the risk of fraud, waste, abuse, and mismanagement. The following examples show ways to reduce fraud, waste, abuse, and mismanagement.

- Examine existing operations and internal controls to identify if they are vulnerable to fraud. Examples of vulnerabilities include:
 - Lack of separation of duties.
 - Unclear authorization for transactions.

- Outdated or ineffective accounting systems.
- Improperly collected and stored documentation.
- Incomplete, unclear, or not implemented conflict of interest policies.
- Implement fraud prevention measures and have regular trainings to educate staff and volunteers on risks.
- Review and test internal control systems regularly for vulnerabilities and areas of improvement.
- Verify that all financial and progress reports are sufficiently supported with the required documentation.
- Develop and implement procurement processes that are reasonable, fair, and transparent.
- Conduct monthly bank reconciliations to identify errors or irregularities in bank statements and detect fraud.

8.4.1 Reporting Fraud, Waste, Abuse, and Mismanagement

Per [2 CFR § 200.113](#) recipients and their subrecipients are responsible for promptly notifying the awarding agency and the Federal cognizant audit agency of any credible evidence of the commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations. Illegal acts and irregularities include conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets. Please notify NTIA of any irregularities that occur. Recipients and subrecipients are also required to report matters related to recipient integrity and performance.

Whistleblower Protections: All Capacity Grant Program awards are subject to the whistleblower protections afforded by 41 U.S.C. § 4712 (Enhancement of contractor protection from reprisal for disclosure of certain information), which generally provide that an employee or contractor (including subcontractors and personal services contractors) of a non-Federal entity may not be discharged, demoted, or otherwise discriminated against as a reprisal for disclosing to a person or body information that the employee reasonably believes is evidence of gross mismanagement of a Federal award, subaward, or a contract under a Federal award or subaward, a gross waste of Federal funds, an abuse of authority relating to a Federal award or subaward or contract under a Federal award or subaward, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal award, subaward, or contract under a Federal award or subaward. These persons or bodies include:

- a) A member of Congress or a representative of a committee of Congress.
- b) An Inspector General.
- c) The Government Accountability Office.
- d) A Federal employee responsible for contract or grant oversight or management at the relevant agency.
- e) An authorized official of the Department of Justice or other law enforcement agency.
- f) A court or grand jury.
- g) A management official or other employee of the contractor, subcontractor, or grantee who has the responsibility to investigate, discover, or address misconduct.

Non-Federal entities and contractors under Federal awards and subawards must inform their employees in writing of the rights and remedies provided under 41 U.S.C. § 4712, in the predominant native language of the workforce. See Section F.05 of the Department of Commerce Financial Assistance Standard Terms and Conditions (12 November 2020).

8.4.2 Cybersecurity

Recipients and their subrecipients must ensure that the planning, design, and project oversight phases of the programs and activities funded through the Digital Equity Capacity Grant Program are consistent with current industry best practices for cybersecurity, such as the NIST Cybersecurity Framework and Cybersecurity and Infrastructure Security Agency (CISA) Cybersecurity Performance Goals (CPGs). These performance goals provide a baseline set of cybersecurity practices that are broadly applicable, with known risk-reduction value. NTIA reserves the right to review a recipient's cybersecurity framework and Recipients must review the cybersecurity framework of its subrecipients per the Capacity Grant NOFO Section IV. D.7.

8.5 Corrective Actions

In those instances where the Recipient is out of compliance with any statutory and/or programmatic requirements, NTIA follows a Corrective Action Process, which provides guidance and the steps necessary to document and remedy noncompliance with those requirements. In accordance with [2 CFR § 200.339](#), the Federal agency or pass-through entity may implement specific conditions or one of more enforcement actions if the Recipient or subrecipient fails to comply with the U.S. Constitution, Federal statutes, regulations, or terms and conditions of the Federal award. The DOC Grants Manual further defines the scope of allowable enforcement actions, which includes both pre-enforcement measures, such as a written warning, and official enforcement measures, such as suspension of payment or termination of award.

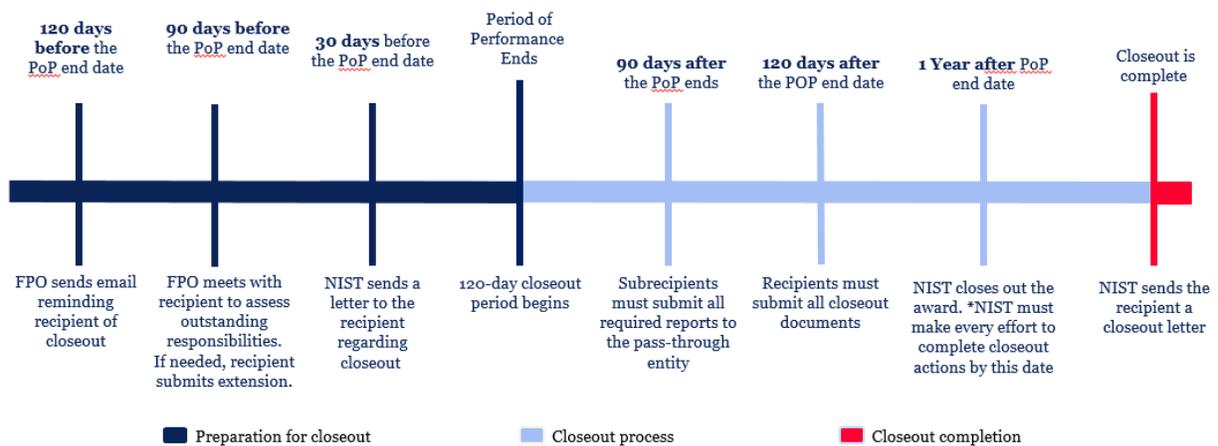
9.0 How Do I Close Out My Grant?

Proper award closeout is required for all DOC financial assistance awards, including for those issued by NTIA. An award expires at midnight local time for the Recipient on the date that is listed on the original Financial Assistance Award document (Form CD-450) as the "Period of Performance" (PoP). Note that the Capacity Program does not permit extensions to the PoP. General procedures for award closeout are contained in [2 CFR § 200.344](#) (Closeout) and 200.345 (Post-closeout adjustments and continuing responsibilities), including:

- Submitting financial and performance reports;
- Liquidating all financial obligations;
- Refunding any unobligated cash balances; and
- Accounting for real and personal property.

Closeout is the process by which NTIA and NIST determine whether the Recipient has completed all applicable administrative and financial requirements of their award. Per the terms and conditions of NTIA awards, including the [2 CFR § 200](#) requirements incorporated therein, the Recipient has **up to 120 calendar days** after the end of their period of performance to submit final reporting documentation. During this time, Federal Program Officers (FPOs) and NIST work directly with the Recipient to verify whether they have completed all Standard and Specific Award Conditions (SACs) and submitted all Federally mandated reports and other final documentation. Then, NIST must make every effort to complete closeout actions no later than one year after the end of the period of performance. See *Figure 7* for an overview of the award closeout timeline.

Figure 7 – Award Closeout Timeline



At award closeout, the Recipient must at minimum submit the documents below. Other documents may be requested by NTIA or NIST.

1. The Final Annual Report, which is intended to capture activities, progress, and performance of the final 12 months the award; and must include an assessment of the effectiveness of the programs along with the results, protocols, and instruments used to collect the data;
2. A Final Federal Financial Report (SF-425) that encompasses all financial transactions that were incurred during the life of the award;

3. Tangible Personal Property Report (SF-428, and attachments SF-428A, B, C, and S, as applicable), documenting the purchase of grant-funded equipment or supplies of \$10,000 or greater;
4. A Real Property Status Report (SF-429, and attachments SF-429A, B, and C), as applicable, documenting any grant funds used to acquire or improve real property. If it is unclear whether any of the personal or real property forms are applicable to a given award, the Recipient will work with NIST to confirm; and
5. IRB Closure Letter, if applicable. [15 CFR 27](#) requires that non-Federal entities maintain appropriate policies and procedures for the protection of human subjects. Depending on the category of Human Subjects Research (HSR) performed under the award, an Institutional Review Board (IRB) closure letter is needed as part of closeout protocol. The IRB may not refer to the letter as a "Closure Letter." Please work with your IRB to provide a letter that indicates that the study has expired or ended, with the end date provided, on letterhead. If the Recipient did not have an IRB letter, instead obtain an HSR Determination Letter (issued by NIST Research Protections Office) from your FPO and submit the letter to demonstrate that the IRB Closure Letter is not needed.

The Recipient should submit all final closeout documents to NTIA and NIST (via NGP) within 120 calendar days after the period of performance end date. To accommodate this timeline, all subrecipients are required to submit their final performance reports to the Recipient within 90 calendar days after the period of performance end date. FPOs will track the submission of final closeout reports and assist the Recipient in requesting a time extension from NIST, if needed. The Recipient should first consult with their FPO, then submit closeout extension requests to closeout@nist.gov with a copy to their FPO and digitalequity@ntia.gov. This will trigger a preliminary review by the FPO/NTIA and a recommendation. NIST, with input from the FPO, will then provide a written response to the Recipient about whether the extension was granted or rejected. Please note that extensions to the closeout periods are rare, and requests should describe the extenuating circumstances that justify an extension.

Appendix 1: Helpful Resources

Resource	Website Location	Description
ASAP Website	http://www.asap.gov	This website is maintained by the U.S. Department of Treasury and is used by the Recipient to draw down award funds.
BroadbandUSA website	https://broadbandusa.ntia.doe.gov/	This website contains all publicly available guidance on compliance and program requirements (i.e., TA resources).
DE Website	https://www.internet4all.gov/program/digital-equity-act-programs	This is the homepage that contains information on all DE programs.
Department of Commerce Grants and Cooperative Agreements Manual (dated 04/20/21)	https://www.commerce.gov/sites/default/files/2021-04/Department%20of%20Commerce%20Grants%20%20Cooperative%20Agreements%20Manual%20%2820%20April%202021%29.pdf	Overview of the DOC grants process. Includes standard DOC policies, procedures, and requirements.
Department of Commerce Financial Assistance Standard Terms and Conditions (dated 11/12/20)	https://www.commerce.gov/sites/default/files/2020-11/DOC%20Standard%20Terms%20and%20Conditions%20-%202012%20November%202020%20PDF_0.pdf	Sets out the standard terms and conditions applicable to U.S. Department of Commerce financial assistance awards.
NIST Financial Assistance Reference Guide	https://www.nist.gov/system/files/documents/2022/02/17/GMD%20Financial%20Assistance%20Reference%20Guide%20v3.0.pdf	Provides information on the essential elements and most commonly asked questions of NIST financial assistance recipients. The guide contains a multitude of carefully selected topics designed to assist the grant and cooperative agreement community from acceptance of the award to reporting requirements to amendments and prior approvals during the award to close-out procedures after award completion.
2 CFR § 200	https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200	Establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities. Please note that all

Resource	Website Location	Description
		Capacity awards will be subject to the 2024 updates made to the Uniform Guidance.
State Digital Equity Capacity Grant Program Website	https://www.internet4all.gov/program/state-digital-equity-capacity-grant-program	This website provides an overview of the State Digital Equity Capacity Grant Program and includes application guidance, NOFO, key dates and contact information.
DE Capacity Grant Notice of Funding Opportunity (NOFO)	ntia_fy24_sdecgp_nofopinal.pdf	Outlines the requirements of the Capacity Grant Program.

Appendix 2: Agency Contacts List

Office	Title	Name	Email
OICG Grants Management, Administration, and Compliance Office	Director	Jennifer Duane	
DE Program Office	Director	Angela Thi Bennett	digitalequity@ntia.gov
	Deputy Director	Michell Morton	
	Program Lead	Charles "Chip" Spann	
NIST Financial Assistance Agreements Management Office (formerly GMD)	Grants Officer		See SAC #4 of your award document
	Grants Specialist		See SAC #4 of your award document

Attachment 1: Checklists

Attachment 1A: Allowable and Unallowable Costs

Attachment 1B: Internal Controls

Attachment 1C: Budget Revisions (General)

Attachment 1D: Specific Projects Budget Revisions

Attachment 2: Infographics

Attachment 2A: Top 10 Monitoring Findings

Attachment 2B: Supplanting & Supplementing

Attachment 2C: Preventing Waste, Fraud, and Abuse

Attachment 2D: Tracking Administrative Costs

Attachment 2E: Allowable & Unallowable Costs Do's and Don'ts

Attachment 2F: Procurement

Attachment 3: Fact Sheets

Attachment 3A: Subrecipients

Attachment 3B: Specific Award Conditions

Attachment 4: Human Subjects Research
