

NEBRASKA

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DEPT. OF HEALTH AND HUMAN SERVICES



Jim Pillen, Governor

Introduction to Grants: A Practical Overview for Nebraska DHHS Subrecipients

Department of Health and Human Services

Helping People Live Better Lives

Updates

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Chapter 1: Your Partnership with Nebraska DHHS

Welcome to grant-funded work with the Nebraska Department of Health and Human Services.

If you are new to managing state or federal grant funds, it is completely normal for the process to feel unfamiliar at first. Grant requirements can seem technical, the terminology can be dense, and the documentation expectations can feel high. This guide is here to make that process clearer. Its purpose is to help your organization understand what federal grant management means in practice, what Nebraska DHHS will expect from you, and what support is available along the way.

Most importantly, this document begins from a simple idea: your organization is not just receiving funds. *You are helping carry out important work on behalf of the people of Nebraska.* Whether you serve families, local communities, patients, students, or other populations, your work is part of a broader public purpose. That makes you an essential partner in the success of the program.

Because of that public purpose, grants management is about more than forms, deadlines, and reimbursement requests. Good grants management is how public funds are protected, tracked, and used responsibly. It is how we make sure resources are spent on the right activities, that costs are properly supported, and that the intended services truly reach the people and communities they are meant to benefit. In other words, compliance is not separate from the mission. It is part of how the mission is carried out well.

Nebraska DHHS also wants to be clear about something else: monitoring and oversight are not meant to be “gotcha” exercises. Our goal is not simply for subrecipients to get through reviews or avoid findings. Our goal is to support your success as a steward of public funds and as a program partner. We want organizations to understand expectations early, build strong habits, ask questions when needed, and grow more confident over time.

This guide is meant to support that process. It is an introduction to the basic framework of grant management, written for organizations that may be experts in public health or community service, but newer to the financial and compliance side of federal awards. We hope it helps make expectations more understandable, reduces uncertainty, and gives you a stronger foundation for the work ahead.

In short, we view this as a *partnership*. Nebraska DHHS is responsible for stewardship and oversight, but we are also committed to providing clarity, tools, and support so that your organization can succeed in carrying out this important work.

Chapter 2: What This Means for You as a Subrecipient

When DHHS provides funding to your organization under a grant agreement, it is important to understand what kind of relationship that creates. This is not just a technical definition. It affects what rules apply, what responsibilities come with the funding, and what DHHS will expect from your organization over the life of the award.

What is a federal award?

A federal award is funding that comes from the federal government to support a public purpose authorized by law. In practical terms, it is money intended to help carry out a program, service, or initiative that serves the public.

Sometimes DHHS receives this funding directly from a federal agency. When that happens, DHHS becomes responsible for making sure the money is used according to the rules that come with it. Those rules often include federal regulations, program-specific requirements, reporting expectations, and cost principles.

What is a pass-through entity?

A pass-through entity is an organization that receives a federal award and then passes some of that funding on to another organization to carry out part of the program. In this relationship, DHHS is often the pass-through entity.

That means DHHS is not just sending funds out. It also has responsibilities attached to those funds. DHHS must clearly communicate requirements, oversee the use of funds, monitor performance and compliance, and follow up when problems arise. In other words, when DHHS passes federal funds to your organization, it also passes along certain responsibilities and expectations.

What is a subrecipient?

A subrecipient is an organization that receives federal funding from a pass-through entity to carry out part of a federal program. If your organization has received this kind of funding from DHHS, that means you are not just providing support around the edges of the project. You are helping carry out the program itself.

This is the key practical point.

A subrecipient is usually responsible for performing program activities, achieving results, following grant requirements, and using funds only for authorized purposes. Your performance matters not just because you completed a task, but because your work helps determine whether the overall program succeeds.

How is a subrecipient different from a contractor?

A contractor is different. A contractor provides goods or services for a fee. They may sell those same goods or services to many different customers as part of their normal business operations. Their role is to deliver what they were hired to provide.

A subrecipient, by contrast, is helping implement the program itself. A subrecipient is more directly connected to the public purpose of the award, has greater responsibility for following program requirements, and is subject to more oversight. Subrecipients carry out program objectives, while contractors provide goods or services that support the program.

Put simply:

A **contractor** sells something needed for the program.

A **subrecipient** helps carry out the program.

Why does this distinction matter?

This distinction matters because more rules flow with the money when an organization is acting as a subrecipient.

If your organization is a subrecipient, DHHS must monitor your use of funds and your compliance with the award requirements. Your organization must also maintain documentation, follow applicable cost principles, support its invoices, and be prepared for review. The relationship is more involved because the work is more central to the program.

This distinction also matters if your organization later passes some of the funding on to another entity. At that point, your organization may need to determine whether that lower-tier relationship is a contractor relationship or a subrecipient relationship. If it is a subrecipient relationship, some pass-through responsibilities may flow to you as well.

The most important takeaway is this: if you are a subrecipient, your organization is being entrusted not just with money, but with part of the program itself. That is why the rules are more extensive, why documentation matters, and why DHHS takes monitoring and oversight seriously.

Chapter 3: The Rules Behind the Work

Federal grant requirements can seem complicated at first, especially because the rules come from more than one place. The good news is that you do not need to memorize everything at once. What matters most is understanding the basic framework: grant-funded work is governed by a set of layered requirements, and those requirements work together.

At the center of that framework is **2 CFR Part 200**, often called the **Uniform Guidance**. This is the main federal rulebook for grants management. It establishes government-wide rules for how federal awards must be managed, including requirements related to financial management, documentation, internal controls, cost allowability, procurement, monitoring, and audits.

But 2 CFR Part 200 is not the only source of rules that may apply.

In addition to the Uniform Guidance, your award may also be governed by **agency-specific or program-specific requirements**. These may come from the federal awarding agency, from the particular grant program, or from special terms attached to the funding. These requirements may address things like allowable activities, reporting formats, deadlines, approvals, or special restrictions. In practice, this means that even if a cost or activity seems generally allowable under federal rules, your specific program requirements may still limit or shape how the funds can be used.

Next is **your subaward agreement with DHHS**. This agreement matters a great deal. It is not just a cover document for the funding. It is the formal document that tells you what funds are being awarded, what period of performance applies, what deliverables or services are expected, what reporting is required, and what terms and conditions govern the award. It may also include specific invoicing requirements, documentation requirements, prior approval requirements, and other conditions that are binding on your organization.

Finally, your organization's **own written policies and procedures** also matter. Federal grant requirements do not replace your internal controls, approval procedures, accounting practices, procurement rules, or recordkeeping systems. Instead, your organization is expected to manage grant funds through sound internal processes that are consistent, documented, and actually followed.

A simple way to think about this is:

- **2 CFR Part 200** provides the core federal grants rules.
- **Program-specific requirements** add rules tied to the particular funding source.
- **Your agreement with DHHS** puts those requirements into the specific terms of your award.
- **Your own policies and procedures** govern how your organization actually carries them out.

You do not need to become a legal expert to manage a grant well. But you do need to take these requirements seriously.

That means three practical things.

1. **Read your agreement closely.**
Do not assume the important terms are obvious or that someone else on your team has already noticed them. Everyone involved in the award should understand the parts of the agreement that affect their work.
2. **Remember that the agreement contains real requirements, not boilerplate.**

Reporting deadlines, budget limits, invoicing instructions, prior approval provisions, documentation expectations, and other terms are there for a reason. Once your organization accepts the award, those conditions become part of your responsibility.

3. When in doubt, ask before acting.

It is always better to raise a question early than to move forward on an assumption that later turns out to be incorrect. Asking for clarification is not a problem. In grants management, it is often a sign that your organization is taking stewardship seriously.

At bottom, the rules behind the work are there to support accountable, consistent, and lawful use of public funds. Understanding where those rules come from is one of the first steps toward managing the award well.

Chapter 4: What Good Grant Management Looks Like

Good grant management is not mainly about mastering technical jargon. It is about building a few strong habits and applying them consistently. Organizations that manage grants well are not always the ones with the largest finance teams or the most complex systems. More often, they are the ones that have clear responsibilities, good documentation, reliable review processes, and a habit of addressing questions before they become problems.

In that sense, good grant management is less about perfection and more about discipline. A grant-ready organization knows who is doing what, keeps records that tell a clear story, reviews spending regularly, submits reports on time, and treats compliance as part of normal operations rather than as an afterthought.

The following habits are at the core of strong grant management.

Clear internal roles

One of the most important signs of a grant-ready organization is that responsibilities are clearly assigned. Staff should know who is responsible for program implementation, who reviews expenses, who prepares invoices, who approves charges, who maintains records, and who communicates with DHHS. These roles do not have to be complicated, but they do need to be understood.

Problems often arise when responsibilities are assumed rather than assigned. A reimbursement may be delayed because program staff thought finance was sending it. A report may be incomplete because no one realized a certain section belonged to them. A cost may be charged incorrectly because approval authority was not clear. Good grant management begins with making sure the right people know their roles and understand how their work fits into the larger process.

Good recordkeeping

Strong recordkeeping is one of the clearest markers of a well-managed award. Your organization should be able to show what was spent, why it was spent, who approved it, how it relates to the award, and what documentation supports it. Records should be organized, understandable, and easy to retrieve when needed.

Good recordkeeping is not just for audits or monitoring. It helps your own organization operate more effectively. It makes invoicing easier, supports accurate reporting, helps staff answer questions quickly, and reduces the risk of confusion when personnel change. If records are scattered, incomplete, or unclear, even allowable expenses can become difficult to defend or reimburse.

A strong rule of thumb is that your documentation should allow someone outside the transaction to understand what happened without guesswork.

Strong approval processes

Grant funds should move through an approval process that is deliberate and documented. That includes approving purchases, reviewing charges before they are invoiced, verifying payroll or time distribution where applicable, and ensuring that reports and reimbursement requests are reviewed before submission.

Approval processes help prevent errors before they happen. They also help ensure consistency. An organization that manages grants well does not rely on memory, habit, or informal conversations alone. It uses established review steps so that expenses are checked, decisions are documented, and unusual items are caught early.

This is part of internal control. Public funds should not depend on one person's judgment alone if the organization can reasonably build in a second level of review.

Budget-to-actual review

A strong grants management habit is regularly comparing the approved budget to actual spending. This helps your organization see whether funds are being used as planned, whether a category is running high or low, and whether a budget adjustment or clarification may be needed.

Without this habit, organizations can drift off course without realizing it. They may overspend in one category, underspend in another, or discover too late that an activity is costing more than expected. Regular budget-to-actual review helps keep the award aligned with the approved plan and gives the organization time to act before small issues become larger ones.

This review does not have to be overly complicated. What matters is that someone is actively checking whether actual spending matches the budget and whether any changes need to be discussed with DHHS.

Timely invoicing and reporting

Strong grant management also depends on timeliness. Invoices should be submitted when required, financial reporting should be current, and program reports should be completed accurately and on time. Waiting until the end of the award period to organize expenses or prepare reimbursement requests creates avoidable risk.

Timely invoicing and reporting help everyone. They support faster reimbursement, allow DHHS to identify issues sooner, and make it easier to resolve questions while records and context are still fresh. They also help your organization track the award in real time rather than trying to reconstruct months of activity all at once.

An organization that submits reports late or inconsistently may still be doing good program work, but weak administrative habits can still create compliance problems. Good grant management means treating timeliness as part of stewardship.

Asking questions early

One of the healthiest grant management habits is asking questions before taking action when something is unclear. If a cost seems unusual, if a change in program activity may affect the budget, if documentation is uncertain, or if a deadline may be difficult to meet, it is far better to raise the issue early.

Too often, organizations wait to ask until after a cost has already been incurred or a problem has already developed. By then, the available options may be more limited. Early communication gives your organization and DHHS a better chance to work through the issue in a practical way.

Asking questions is not a sign that your organization is doing something wrong. In grants management, it is often a sign that your organization is trying to do things correctly.

The core habits of a grant-ready organization

Taken together, these habits form the foundation of strong grant management. A grant-ready organization:

- assigns responsibilities clearly,
- keeps complete and organized records,

- uses reliable approval processes,
- reviews spending against the budget,
- submits invoices and reports on time, and
- raises questions before problems grow.

These are not just administrative preferences. They are the everyday practices that help protect public funds, support accurate reimbursement, reduce audit risk, and strengthen program performance. Before getting into more technical rules, it is important to understand that successful grant management starts here.

Chapter 5: The Basic Test for Whether a Cost Can Be Charged

One of the most important questions in grant management is also one of the most common:

Can this cost be charged to the award?

That question comes up constantly. It comes up when your organization is building a budget, reviewing an invoice, approving a purchase, allocating payroll, or deciding whether an expense belongs on a reimbursement request. For new subrecipients, this can be one of the hardest parts of grant management, especially at first.

To make that decision easier and more consistent, Nebraska DHHS uses a simple framework: **ARCANA**.

The word “arcane” means mysterious and specialized knowledge, accessible to only a select few. Cost principles can sometimes feel mysterious, but with ARCANA, you can unlock the secrets of cost principles. ARCANA is a practical way to remember the basic tests a cost must meet before it is charged to an award:

- **A**llowable
- **R**easonable
- **C**onsistently treated
- **A**llocable
- **N**ot excluded elsewhere
- **A**dequately documented

These ideas are grounded in the core federal cost principles. The goal of ARCANA is not to make things more complicated. The goal is to give your organization a quick, repeatable way to think before charging a cost.

A — Allowable

A cost must be **allowable**.

Allowability means the cost is permitted under the rules that apply to the award. A cost may seem useful, practical, or even necessary, but that does not automatically mean it can be charged to federal funds. The cost must fit within the award’s purpose, comply with applicable laws and regulations, follow the terms and conditions of the award, and be consistent with your organization’s own policies.

This is why “allowable” is the first ARCANA question. Before charging a cost, your organization should ask whether the cost is actually permitted for this funding source and this program. Some costs are generally allowable. Some are allowable only with prior approval. Some are limited by the award terms. Others are not allowed at all.

A simple question to ask is: **Is this expense permitted under the award, the applicable rules, and our organization’s policies?**

R — Reasonable

A cost must be **reasonable**.

A reasonable cost is one that a prudent person would consider ordinary, necessary, and appropriate under the circumstances. It should make sense in light of the program’s purpose, the organization’s needs, and the amount being paid.

This does not mean the cheapest option is always required. It means the cost should be defensible. If someone looked at the purchase later, would it seem sensible and proportionate? Would it look like a normal and responsible use of public funds?

A simple question to ask is: **Would this cost make sense to an outside reviewer?**

C — Consistent

A cost must be **consistently treated**.

Your organization should treat similar types of costs the same way across its operations. If a type of cost is normally treated as indirect, it should not suddenly be treated as direct just because grant funds are available. If your organization has a standard method for approvals, payroll treatment, procurement, or cost allocation, that method should be followed consistently.

Consistency matters because inconsistent treatment creates risk. It can lead to double charging, unfair cost shifting, or the appearance that costs are being handled differently depending on the funding source.

A simple question to ask is: **Are we treating this cost the same way we treat similar costs elsewhere in the organization?**

A — Allocable

A cost must be **allocable**.

This means the cost must benefit the award and be charged to it in proportion to that benefit. Some expenses are easy to assign because they relate only to one award. Others support more than one program or activity and must be divided using a reasonable method.

For example, if an employee works on multiple funding sources, only the portion of salary and fringe that relates to this award should be charged to it. If a shared cost supports several programs, your organization must have a reasonable basis for allocating the appropriate share.

A simple question to ask is: **Does this award benefit from the cost, and are we charging only its fair share?**

N — Not excluded elsewhere

A cost must be **not excluded elsewhere**.

Even if a cost is allowable in a general sense, reasonable, consistently treated, and allocable, it still may not be chargeable if another rule specifically excludes it. Some costs are restricted or prohibited by federal rules, by program requirements, by the Notice of Award, by DHHS requirements, or by the terms of your agreement.

This is why it is not enough to say, “We really bought it” or “It helped the program.” Some costs are specifically excluded, limited, or subject to prior approval. Your organization must look not only at whether the cost seems sensible, but also at whether any applicable rule prohibits or limits it.

A simple question to ask is: **Is this cost excluded, restricted, capped, or subject to prior approval under any applicable requirement?**

A — Adequately documented

A cost must be **adequately documented**.

This is where many otherwise valid costs run into trouble. If your organization cannot show what the cost was, when it was incurred, why it was charged, how it was calculated, and what records support it, then the cost may not be defensible.

Adequate documentation may include invoices, receipts, payroll records, time records, allocation support, approvals, contracts, or other source documentation depending on the type of cost. The required level of documentation will vary, but the general rule is the same: the file should clearly support the charge.

A simple question to ask is: **If someone reviewed this later, would the documentation clearly support the cost?**

ARCANA as a daily decision tool

ARCANA works best when it becomes a habit, not just a concept. Your organization does not need to conduct a long legal analysis every time it purchases supplies or prepares an invoice. But staff should get used to stopping and asking the basic ARCANA questions before costs are charged.

In practice, ARCANA can be used:

- when building a budget,
- when reviewing purchases,
- when coding costs,
- when preparing invoices,
- when reviewing supporting documentation, and
- when deciding whether to ask DHHS for guidance.

The power of ARCANA is that it helps staff think in the right order. Instead of asking only, “Do we have money left in the budget?” it asks the better question: **Does this cost meet the full test for charging public funds?**

A helpful way to remember it

A cost should not be charged to the award unless it is:

- allowed under the rules,
- sensible,
- handled the same way as similar costs,
- tied fairly to the award,
- not excluded or restricted elsewhere, and
- supported by records..

That is ARCANA.

For new subrecipients, this is one of the most useful ways to think about cost allowability. It turns abstract cost principles into a practical decision tool your organization can use every day. And when there is uncertainty, ARCANA gives you a clear signal that it may be time to stop and ask questions before moving forward.

Chapter 6: Documentation Requirements

“If it isn’t documented, it didn’t happen”

In grant management, documentation is not an extra step added on after the real work is done. Documentation is part of the work. If your organization cannot show what was spent, why it was spent, how it relates to the award, and what records support it, then the cost may not be reimbursable and the activity may be difficult to verify.

A simple phrase captures the idea well:

If it isn’t documented, it didn’t happen.

That does not mean every file must be perfect. It means the record must be strong enough to support what your organization is claiming.

Why documentation matters

Documentation matters because public funds must be traceable and defensible. When your organization requests reimbursement, it is not enough to say that the cost was necessary or that the activity occurred. The charge must be supported by records that show what happened.

Good documentation serves several purposes at once. It supports payment. It helps confirm that costs are allowable and properly charged. It allows DHHS to monitor the award responsibly. It protects your organization if questions arise later. And it creates a clear record for audits, reviews, staff transitions, or follow-up conversations.

Just as importantly, documentation protects both sides of the relationship. It protects your organization by showing that the cost was real, appropriate, and connected to the award. It protects DHHS by showing that public funds were reviewed and reimbursed based on adequate support.

What kinds of documentation usually support reimbursement

The exact documents required will vary depending on the type of expense, the terms of the award, and the level of review being applied. But in general, reimbursement requests are usually supported by **source documentation** such as:

- invoices,
- receipts,
- timesheets or time records,
- payroll records,
- approvals,
- contracts or purchase records,
- expense reports,
- other records showing what was purchased, paid, or performed.

The key point is that the documentation should support the charge clearly enough that someone reviewing it can understand the basic story of the transaction. What was the expense? When did it happen? How much was charged? Who approved it? How does it relate to the award?

A reimbursement request should not stand alone. It should be backed by records that explain and support the amount being claimed. Invoices should be based on actual allowable costs and supported by records such as receipts, timesheets, approvals, and agreements.

Why payroll support is often more than just a pay stub

Payroll is one of the most common areas where newer subrecipients underestimate the documentation needed.

A pay stub may show that an employee was paid, but it usually does not fully show **why a certain portion of that pay belongs on a particular award**. For grant purposes, payroll support often requires more than proof that the employee received compensation. It may also require support showing the employee's role, the time worked, the distribution of effort, and the basis for charging that amount to the award.

That is why payroll support often includes more than one kind of record. Depending on the situation, this may include time records, payroll registers, allocation support, position or rate information, supervisory approval, or other records showing how the charge was determined. Payroll review may involve pay stubs, timesheets, payroll ledgers, and related records because those documents work together to show that labor costs charged to the award reflect actual work performed.

This is especially important when an employee works on more than one program or funding source. In that case, your organization must be able to show how the grant-funded share was determined.

Why documentation must tie to the budget and actual activity

Good documentation does more than prove a transaction occurred. It should also show that the transaction fits the award.

That means the records should tie back to the approved budget, the actual work performed, and the purpose of the award. A receipt by itself may show that something was purchased, but it may not show whether the purchase belonged to this award. A payroll record may show that someone was paid, but it may not show whether the time charged aligns with the employee's actual grant-related work. A total on an invoice may match the budget category, but the support should still show what is behind that number.

In other words, documentation should not only prove that money was spent. It should help answer the bigger question: **Why does this charge belong here?**

This connection between the budget, the activity, and the source records is a major part of what makes documentation useful. Reviewers will often compare financial records against budgets, progress reports, reimbursement requests, and other supporting documents to make sure the pieces align.

Why timely, organized records make payment and monitoring easier

Documentation is much easier to manage when records are kept up to date and organized as the work happens. Waiting until the end of a reporting period to hunt down receipts, reconstruct payroll charges, or piece together missing approvals creates unnecessary risk. It also slows reimbursement and makes follow-up questions more likely.

Timely, organized records make a real difference. They help your organization prepare accurate invoices more efficiently. They make it easier to answer questions while the details are still fresh. They reduce the chance that source records will be lost or misunderstood. And they make monitoring less burdensome because the supporting materials are already in order.

Organized documentation does not need to be elaborate. It simply needs to be clear, complete, and accessible. A reviewer should not have to guess what a record is, what budget line it supports, or how it connects to the award.

Documentation as protection, not just compliance

It is easy to think of documentation as something required by DHHS, but it is just as important for your organization's own protection.

Strong documentation helps your organization show that it acted appropriately, charged costs fairly, and managed the award responsibly. It can resolve questions quickly, support reimbursement, and reduce the risk of disputes later. It also helps preserve institutional memory when staff change or when someone new needs to understand how a charge was handled.

For DHHS, documentation is what allows public funds to be reviewed and reimbursed responsibly. For subrecipients, documentation is what makes those charges defensible.

That is why documentation is not just a technical requirement. It is one of the basic ways both your organization and DHHS demonstrate stewardship of public funds.

Chapter 7: Invoicing and the Financial Workbook

One of the most important parts of managing a DHHS award is requesting reimbursement correctly. Invoicing is how your organization shows what costs were incurred, how those costs relate to the award, and what documentation supports them. If the invoice is incomplete, unclear, or unsupported, payment may be delayed while questions are resolved.

Invoices should be timely, accurate, detailed, and based on actual allowable costs. For DHHS subrecipients, invoicing is not just about sending a bill. It is about presenting a clear, supportable picture of the expenses being requested for reimbursement.

The DPH Financial Workbook is the standard tool

For recipients of grant funding through the Division of Public Health, the **DPH Financial Workbook** is the required standard tool for budget and expense reporting. It is the main template DHHS uses to organize financial information and review expenditures against the approved budget. Subrecipients should expect to use the workbook as part of the normal invoicing and financial reporting process.

This matters for a simple reason: standardization makes review easier, more consistent, and more accurate. When the workbook is completed correctly, it helps DHHS understand what your organization is claiming, compare actual expenses to budgeted categories, identify potential issues earlier, and process reimbursement more efficiently.

Just as importantly, using the workbook correctly helps your organization. It reduces confusion, makes it easier to organize the financial story of the award, and lowers the chance that DHHS will need to follow up with avoidable questions.

Using the workbook correctly helps avoid delays

Invoice delays are less often caused by unallowable costs and more often caused by unclear documentation, mismatched budget categories, or numbers that do not clearly tie together. The workbook is designed to reduce those problems by giving subrecipients and DHHS a shared format for budget and expense reporting.

A well-prepared invoice packet should allow a reviewer to understand, without guesswork:

- what period the invoice covers,
- what amounts are being requested,
- what budget categories those amounts fall under,
- and what records support those charges.

The clearer that story is, the easier the reimbursement process tends to be.

Protected cells are intentional

Subrecipients sometimes assume that protected cells in the workbook are a problem or that they should be editable. They are not. Protected cells are intentional and are part of the workbook's design.

They help preserve formulas, maintain the structure of the reporting template, and reduce accidental errors. In other words, they are there to protect the integrity of the file, not to make the process harder. If a section of the workbook appears locked, that is usually because it is meant to calculate automatically or remain standardized across users.

The invoice should tell a clear financial story

A good invoice packet does more than provide totals. It should make the story of the reimbursement understandable.

That means the **workbook, the invoice itself, and the supporting documentation should all fit together clearly**. A reviewer should be able to see how the amount requested was calculated, what records support it, and how it relates to the approved budget and actual grant activity.

This is where Nebraska's supporting tools are especially important.

The **Invoicing Standards** explain what an acceptable invoice should include. At a minimum, the invoice should contain the basic elements needed to identify the award, the time period, the amount requested, and the required certifications or signatures.

The **Invoicing Documentation Requirements** explain what documentation must be submitted with the invoice to support reimbursement. That documentation may vary based on risk. For a lower-risk subrecipient, DHHS may require a lighter level of support, such as a general ledger or similar summary-level documentation. For a higher-risk subrecipient, DHHS may require fuller source documentation, such as receipts, payroll support, timesheets, invoices, approvals, or other records needed to verify the charges in detail.

This risk-based approach is important. It allows DHHS to apply the right level of documentation review based on the circumstances while still ensuring that public funds are supported appropriately.

Invoicing is part of stewardship

Submitting an invoice is not just an administrative task. It is one of the main ways your organization demonstrates stewardship of public funds. A strong invoice shows that the costs were real, reviewed, connected to the award, and supported by records.

For that reason, invoices should be submitted on time, based on actual costs, and prepared with care. Waiting until much later in the award period to reconstruct expenses can make reimbursement more difficult and may increase the chance of follow-up questions or missing support.

More help is available in the Toolkit

This introduction is only meant to give the high-level picture. Detailed help is available in the onboarding Toolkit, including:

- the **DPH Financial Workbook**,
- the **Guide to the DPH Financial Workbook**,
- the **video overview** of the workbook,
- the **Invoicing Standards**, and
- the **Invoicing Documentation Requirements**.

Those tools will show you how to complete the workbook, what documents to include, and how to prepare an invoice packet that is clear and ready for review.

In short, the goal is not just to submit an invoice. The goal is to submit an invoice that is understandable, supportable, and ready to move through the reimbursement process with as little confusion as possible.

Chapter 8: Monitoring

Monitoring is a normal and required part of the subrecipient relationship. When DHHS passes funds to another organization to carry out part of a program, it also takes on a responsibility to oversee how those funds are used. That oversight is not optional. It is part of DHHS's job as a pass-through entity, and it is one of the main ways public funds are protected and program goals are supported.

Just as important, monitoring should not be understood as a punitive exercise. Nebraska DHHS views monitoring as part of a working partnership with subrecipients. Yes, it is a compliance function. But it is also a way to identify problems early, clarify expectations, support stronger systems, and help subrecipients succeed in carrying out the award. DHHS's Subrecipient Monitoring Manual makes this point directly: monitoring is not just about checking boxes, but about stewardship, communication, improvement, and accountability.

Why monitoring matters

Monitoring matters for two main reasons.

First, it helps protect public funds. DHHS must have a reasonable basis for believing that award funds are being used for authorized purposes, that costs are properly supported, and that the terms of the award are being followed. Monitoring helps DHHS verify that this is happening.

Second, monitoring helps improve program success. Strong monitoring is not limited to looking for errors. It can also identify areas where a subrecipient may need clarification, technical assistance, stronger internal processes, or earlier communication. In that way, monitoring supports not just compliance, but also stronger program delivery.

Put simply, monitoring helps answer two essential questions:

- Are the funds being used appropriately?
- Is the program being carried out as intended?

Monitoring is risk-based

Not every subrecipient will experience the same level of monitoring. The process is **risk-based**, which means DHHS adjusts the frequency and depth of monitoring based on the level of risk associated with the award and the subrecipient.

A lower-risk subrecipient may experience a lighter-touch monitoring approach, especially when there is a strong history of compliance, good documentation, stable systems, and low concern about misuse or performance issues. A higher-risk subrecipient may receive more frequent or more detailed review. That does not automatically mean something is wrong. It means DHHS has determined that the circumstances call for closer oversight.

Risk can be influenced by many factors, such as:

- prior performance,
- experience with managing grants,
- staffing or system changes,
- past audit or monitoring findings,
- financial concerns,
- complexity of the award,

- or the size and nature of the funding.

This risk-based approach allows us to tailor oversight to the circumstances rather than using the exact same method for every subrecipient.

Higher-risk subrecipients may receive more frequent review

Because monitoring is risk-based, higher-risk subrecipients may receive more frequent reviews, more detailed documentation requests, or more structured follow-up. For example, they may be asked for fuller invoice support, more frequent check-ins, targeted desk reviews, or site visits.

Lower-risk subrecipients may still be monitored, but in ways that are more streamlined and proportionate to the level of concern. The goal is not to burden subrecipients unnecessarily. The goal is to apply the level of review needed to provide reasonable assurance that the award is being managed well.

What monitoring may include

Monitoring can take different forms depending on the circumstances. In Nebraska, this may include:

- **Invoice review.** DHHS reviews reimbursement requests and supporting documentation to verify that the charges are understandable, supported, and consistent with the award.
- **Desk reviews.** A desk review is a more focused review of records and documentation. This may include financial records, payroll support, source documentation, reports, policies, or other materials related to the award.
- **Site visits or virtual site visits.** These visits allow DHHS to review operations more directly, ask questions in real time, discuss program implementation, and evaluate how the subrecipient is managing the award.
- **Follow-up communication and technical assistance.** Monitoring may also involve follow-up questions, clarification requests, discussions about documentation, or conversations about how to correct or improve a process.

These monitoring activities are part of a broad menu of options rather than a single fixed process. The right approach depends on the subrecipient's risk profile, the nature of the award, and the specific questions or concerns involved.

Good documentation and communication make monitoring smoother

The best way to make monitoring easier is not to prepare for it at the last minute. It is to maintain good habits all along: clear records, organized files, timely invoicing, strong internal review, and open communication when something is unclear.

When documentation is complete and records are easy to follow, monitoring tends to move more smoothly. When subrecipients communicate early about questions, delays, staffing changes, or unusual circumstances, DHHS is better able to respond constructively. Monitoring becomes much harder when information is missing, unclear, or only assembled after the fact.

In other words, strong day-to-day grant management is the best preparation for monitoring.

The monitoring cycle

DHHS's monitoring process can be understood as a simple cycle. This cycle helps us apply monitoring in a structured, repeatable way.

1. Risk Assessment

DHHS begins by evaluating the risk associated with the subrecipient and the award. This helps determine what level of oversight is appropriate.

2. Monitoring Plan

Based on that risk, DHHS develops an approach for how the subrecipient will be monitored. This may affect the type, frequency, and intensity of monitoring activities.

3. Monitoring Activities

DHHS then carries out monitoring activities, such as invoice review, desk reviews, site visits, virtual meetings, or other oversight steps.

4. Monitoring Report

The results of monitoring are documented so there is a clear record of what was reviewed, what was found, and what follow-up may be needed.

5. Corrective Action

If issues are identified, DHHS may work with the subrecipient to address them through corrective action, technical assistance, added documentation, or other appropriate steps.

This cycle is one of the key organizing ideas in DHHS's Monitoring Manual. It reflects the idea that monitoring is not a one-time event, but an ongoing process of assessment, review, documentation, and improvement.

Monitoring as part of the partnership

The most important point to remember is that monitoring is part of the grant relationship, not something separate from it. It is one of the ways DHHS carries out its responsibilities, but it is also one of the ways DHHS supports subrecipients in building strong systems and maintaining compliance over time.

Subrecipients do not need to fear monitoring. They do need to take it seriously. When expectations are clear, records are organized, and communication is open, monitoring becomes much more manageable and much more useful.

Chapter 9: Corrective Action

Even in well-run organizations, issues can arise. A documentation gap may be identified during invoice review. A monitoring activity may reveal that a cost was charged incorrectly. A report may show that internal procedures were not followed consistently. When that happens, the goal is not simply to point out the problem and move on. The goal is to correct it in a way that strengthens the organization and reduces the chance that it will happen again.

That is the purpose of **corrective action**.

Corrective action should not be viewed as punishment. It is a structured way of responding when a weakness, error, or compliance concern has been identified. Nebraska's monitoring approach treats corrective action as part of a larger cycle of improvement, not just a response to failure.

In practical terms, corrective action means four things:

Identifying issues: The first step is clearly identifying what went wrong. That may involve a missing document, an unsupported charge, a weakness in approvals, inconsistent treatment of costs, or another problem revealed through monitoring, invoice review, or audit activity.

Fixing them: Once the issue is identified, the organization must take steps to correct it. That may mean providing missing documentation, revising a report, repaying an unsupported charge, updating an allocation method, or changing a process going forward.

Strengthening systems: The most effective corrective action does more than solve the immediate issue. It improves the underlying system. If a problem happened because responsibilities were unclear, records were poorly organized, or staff did not understand the requirements, then the real solution may involve stronger procedures, clearer roles, added training, or better internal review.

Reducing future risk: Corrective action is also about prevention. A good corrective response lowers the risk that the same issue will happen again. That protects both the subrecipient and DHHS and helps support smoother invoicing, stronger compliance, and better program management over time.

In some cases, DHHS may ask a subrecipient to prepare a **Corrective Action Plan**, sometimes called a **CAP**. This is simply a written plan describing what will be done, who will do it, and when the issue will be addressed. This is as part of the normal process for resolving issues and improving future performance.

The main point is this: when a problem is identified, the best response is not defensiveness or delay. It is a clear, timely effort to understand the issue, fix it, and improve the systems behind it. That is what corrective action is meant to do.

Chapter 10: Audits and Record Retention

Audits and record retention are both important parts of grant management, but for purposes of this introduction, the key is simply to understand the basics.

Single audits

A **single audit** is a special type of audit required for organizations that expend a certain amount of federal funds during their fiscal year. Under current rules, that threshold is **\$1,000,000 in federal expenditures** during the organization's fiscal year.

One important point is that this threshold applies to **all federal funds your organization expends during the fiscal year**, not just funds received from DHHS. In other words, if your organization receives federal funding from multiple sources, those expenditures count together for purposes of determining whether a single audit is required.

Record retention

Your organization must also retain grant-related records and make them available when required. This includes financial records, supporting documentation, reports, and other records connected to the award. In general, federal requirements call for records to be kept for at least **three years** from the submission of the final financial report, though longer retention may be required in some situations, such as ongoing audits, litigation, or other unresolved matters.

The practical takeaway is simple: records should be organized, retained, and accessible. If DHHS, an auditor, or another authorized reviewer needs to examine them, your organization should be able to produce them.

Monitoring and audits are related, but not the same

Monitoring and audits are connected, but they are not the same thing.

Monitoring is the ongoing oversight carried out by DHHS as part of the subrecipient relationship. It may include invoice review, desk reviews, site visits, follow-up questions, and corrective action.

An **audit** is a separate formal review process conducted under audit standards. A single audit looks more broadly at an organization's financial statements and compliance with federal award requirements.

So while both involve accountability and review, monitoring is part of the normal life of the award, while an audit is a distinct formal examination.

The main point is that your organization should maintain good records, understand whether the single audit threshold may apply, and be prepared to provide documentation when required. Strong day-to-day grant management makes both monitoring and audits much easier.

Chapter 11: How to Reach Out for Help

Good grant management does not mean your organization will always have every answer immediately. It means your organization knows when to pause, ask questions, and seek clarification before a small issue becomes a larger one.

If something is unclear, the best approach is to **ask early**.

Do not guess about whether a cost is allowable. Do not assume that a budget issue can wait until the end of the reporting period. Do not assume that a staffing change, program change, or reporting delay is too minor to mention. In grants management, early communication is almost always easier than trying to fix a problem after the fact.

You should reach out when:

- you are unsure whether a cost can be charged,
- the budget may need to change,
- staffing or key personnel have changed,
- program activities are changing in a way that may affect the award,
- you are having trouble meeting an invoicing or reporting requirement,
- documentation is unclear,
- or you are not sure what DHHS expects in a given situation.

Your **program manager** should usually be your first point of contact. They can help clarify expectations, answer questions, or connect you with the right resources when an issue involves financial reporting, documentation, or other compliance concerns.

If you are unsure who your program contact is, you may search the DHHS website at <https://dhhs.ne.gov/> to locate the relevant division, program, or department contact information. This is often the best starting point if you know the program area but are not sure exactly whom to contact.

For questions related to grant management and compliance, you may contact the **DPH Finance and Program Integrity Unit** at dhhs.dphprogramintegrity@nebraska.gov. This team can help direct questions related to financial review, documentation standards, and grant management best practices.

For questions more broadly related to DHHS grant agreements or department-wide grant administration, you may also contact the **DHHS Office of Procurement and Grants** at dhhs.grants@nebraska.gov.

Most importantly, treat DHHS as a **partner in problem-solving**. Oversight and compliance are real responsibilities, but so is support. DHHS wants subrecipients to succeed, use funds well, and build strong systems over time. Reaching out with a question is not a sign of weakness or failure. It is often a sign that your organization is taking stewardship seriously.