



Grant Agreement Procedures

Chapter 5: Finance

Procedure Number: PR544.02 (Supersedes PR544.01)
Effective Date: 1/7/2022
Reviewed By: Chief Operating Officer, Health Operations Team
Approval: Grants Director

Purpose Statement

Grants are to be competitively awarded as much as possible ([Office of Grants Management \(OGM\) Policy 08-07](#)) to ensure that all potential applicants have an equal opportunity to compete for grant funds from MDH, including those entities that may not have historically received grants from MDH. The Minnesota Department of Health (MDH) develops procedures to ensure that MDH grants are awarded in a fair and equitable manner and to organizations financially stable enough to carry out the purpose of the grant. MDH does this by.

- Publicizing grant opportunities as broadly as possible ([OGM Policy 08-03](#)) and making every effort to reach potential applicants and parts of the state that have not historically participated in the grant making process. Encourage use of MDH's [Grant Promotion Guidelines](#) to strategize best outreach for grant application.
- Distributing available grant funding in a fair and equitable manner, ensuring that there are no conflicts of interest in the process. Encouraging use of MDH's [Reducing Bias in the Grant Reviewers Guide](#).
- Assessing financial stability and past grant performance of applicants prior to entering into a grant agreement. Items of significant concern are addressed with the grant applicant before a grant agreement is awarded and a grant monitoring plan is developed.
- Processing and executing all grant agreements and their amendments prior to the effective date.
- Providing appropriate oversight, monitoring and close out evaluations of all grantees.
- Adhering to all federal guidelines, state statutes, the Department of Administration Office of Grants Management's (OGM) policies and MDH policies, procedures, and standards.

Applicability

This procedure applies to all MDH staff who have a role in the grant making process. This procedure applies to competitive, legislatively mandated, formula, single and sole source grants, and grants to individuals.

Definitions

Grant is the transfer of cash or something of value to a recipient to support a public purpose authorized by law.

- **Competitive Grant** is a grant that is awarded through an application process in which multiple grant applications are reviewed and grants are awarded to those applicants that most closely meet the selection criteria identified by the granting agency. Grants are awarded to the applicants that are rated the highest against the selection criteria, based on the availability of funds.
- **Formula Grant** is a legislative appropriation where the total amount to be distributed, the purpose of the grant, the type of grantees and how the funds are to be distributed are determined by law, rule or some formal process.
- **Legislatively Mandated Grant** is a legislative appropriation in which the amount and purpose of a grant is named in law. In some legislatively mandated grants, the grantee organization is also named in law.
- **Single and Sole Source Grant** is a type of non-competitive grant that is awarded to an entity 1) because it is the only provider of a particular service or 2) that is selected for very specific reasons, such as geographic location or community knowledge and unique relationships that make the entity the only organization able to fulfill the intent of the grant.
- **Grants to Individuals** is a grant to an individual, rather than an organization, that supports a public purpose authorized by law.

Grant Agreement is a legal document between a granting agency and grantee with the principal purpose of transferring cash or something of value to the grantee to support a public purpose authorized by law. Grants always involve three parties: 1) the state agency with authority to make the grant, 2) the outside entity (grantee) who will administer the grant or deliver the service, and 3) the final recipient of the services. Minnesota state agencies must use a written grant agreement for all grants made by the agency per OGM [Policy 08-04 Policy on the Use of Grant Agreements](#).

Office of Grants Management (OGM) at the Minnesota Department of Administration is charged by [Minn. Stat. § 16B.97](#) to create general grants management policies and procedures that are applicable to all state agencies. The OGM policies supersede other state agency policies except when the existing state agency policy, or federal regulations, are stricter, or in which the OGM has approved an exception.

Request for Proposal (RFP) is a document that notifies grant seekers of a competitive grant opportunity and includes information on grant requirements, selection criteria, timelines, and process. It is designed to be a fair and equitable process and includes a standardized scoring system to rate each application against the chosen criteria. It also must include and identify how an agency's grant process will implement diversity in grant making.

Procedures

Step No.	Responsible	Procedural Step
1.	Activity Manager or Designee	Determine if available funding fits the criteria of a grant or a contract. MDH Reference: Grant or Contract Internal Determination Process. Proceed to Step 2 if determined activity meets grant criteria. Proceed to Professional/Technical (P/T) Contract Procedure located in Policies Plus if activity meets contract criteria.

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2.	Activity Manager or Designee	Engage communities most impacted by the intended grant purpose. This should occur early in the process so they have an opportunity to provide input and guidance to the grant process. Notify Division Director and of the intent to make grant funds available. The communication should include the purpose of the grant, total dollar amount to be awarded, average award anticipated, the method by which applicants will be notified of the opportunity, type of grant (competitive, sole source, etc.), eligible applicants, criteria for awarding grants, and authority and funding to support grants.
3.	Activity Manager or Designee	If a Single and Sole Source Grant or a Legislatively Mandated Grant (where the organization is not named) – 1. Complete the MDH Single and Sole Source Justification Form and submit to health.grantsoffice@state.mn.us. 2. MDH Grants Office will review and determine if proposal meets Single and Sole Source grant criteria. a. If the Single and Sole Source request is denied, the competitive grant process should be followed (Proceed to Step 4). b. If the Single and Sole Source request is approved, i. Begin Conflict of Interest procedures by referring to MDH Policy PL607.01 Code of Ethical Conduct. ii. Notify the grantee; and, iii. Complete the Due Diligence and Pre-award Assessment and Plan (MDH Policy PL504 Pre-award Applicant Review). Additional information can be found at Pre-award Applicant Review Guidance and OGM Policy 08-07 Single and Sole Source Grants. If a Formula or a Legislatively Mandated Grant (where the organization is named) or a Grant to an Individual – 1. Complete the Due Diligence and Pre-award Assessment and Plan (MDH Policy PL504 Pre-award Applicant Review). Additional information can be found at Pre-award Applicant Review Guidance. 2. Obtain appropriate grant agreement template from Grants Central and proceed to Step 8. Contact the Grants Office for

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		the Grants to Individuals template at health.grantsoffice@state.mn.us. Refer to MDH Policy PL607.01 Code of Ethical Conduct. If a Competitive Grant – An RFP is required. 1. Either complete the MDH RFP template or assure that all essential elements listed in OGM Policy 08-03 Policy on Writing and Publicizing Grants Notices and Requests for Proposals are incorporated into your RFP. 2. Before completing the RFP, also review: a. MDH Policy PL607.01 Code of Ethical Conduct, b. OGM policies 08-01 Grants Conflict of Interest and 08-02 Rating Criteria for Competitive Grant Review, c. MDH Grant RFP Equity Examples and Resources; and, d. Grant RFP Promotion Guide. 3. Obtain appropriate Division approvals. 4. Proceed to Step 4.
4.	Activity Manager or Designee	Prepare information for posting the RFP on MDH's Grants and Loans: Open Grant Opportunities external website page. See Publishing Grant Opportunities for the information that should be submitted to the MDH Grants Office so that the notice of grant availability can be placed on the MDH website as required by law (Minn. Stat. § 15.994). Timing should coordinate with the program website posting. The information required to publish grant opportunities on the department's website should be submitted five business days prior to the grant opportunity being made available to the public, if possible. The RFP must be posted for the public for a minimum of 30 calendar days. Program may opt to post the RFP for longer. Identify what other avenues the program will use to widely distribute the notice of a grant opportunity, making every effort to reach potential applicants and parts of the state that have not historically participated in the grant making process. Coordinate distribution with the notice being publicized on the MDH website. If RFP notification will be published in the State Register follow PR507.02 State Register Procedure. Financial Management requests five business days to process.

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5.	Activity Manager or Designee	Organize review committee ensuring each reviewer completes the Conflict of Interest Disclosure for Grant Application Reviewer form. The grant manager or other grant staff must also consider whether they have any actual, potential or perceived conflict of interest with any applicant as outlined in MDH Policy PL607.01 Code of Ethical Conduct and OGM Policy 08-01 Conflict of Interest Policy for State Grant Making. An identified actual, potential or perceived conflict should be discussed with the employee's supervisor. Assistance is available through the Ethics Council. Every effort should be made to ensure review committees are representative of the communities served by the grant and/or most impacted by the health issue. Encourage review committee to receive Reducing Bias in the Grant Review Process Training. Review applications that are received accepting those that comply with the deadline and submission methods specified in the application instructions, and are eligible to proceed, and rejecting those that do not comply (MDH ST506.01 Grants, Deadline for Receipt of Applications). Send accepted applications to the review committee, who uses the criteria identified in the RFP to score each application. The RFP, all applications received, the signed Conflict of Interest Disclosure for Grant Application Reviewer forms and reviewer scores and comments are considered grant records that are required to be retained by law according to the current MDH Records Retention Schedule. All grant records are considered public information once grant agreements are executed, including the names of reviewers and the comments they make in the review process. Forward list of recommended grantees, recommended funding level, and rationale to Division Director or designee for review and approval. Recommendations should be based on the reviewer's scores and comments, any geographic and other requirements of the grant, and a completed Pre-award Assessment and Plan (MDH Policy PL504 Pre-award Applicant Review). Additional information can be found at Pre-award Applicant Review Guidance.
6.	Division Director or Designee	Review list of recommended grantees. As appropriate, send to Assistant Commissioner/Commissioner for their information. Notify

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		Activity Manager or designee that they should proceed with notifying awarded and non-awarded applicants of their status.
7.	Activity Manager or Designee	Notify the applicants of their award status. To have the commissioner sign the award letter, follow the guidelines for obtaining Commissioner's signature. To have a news release of the awards, contact your Communications representative. News release of awarded grantees can only occur after all grant agreements are fully executed.
8.	Activity Manager of Designee	Complete the appropriate MDH grant agreement template for the type of organization being funded (CHB, Tribal Government, University of Minnesota, or the MDH standard grant agreement) and the funding being used (state, federal or both). Template language changes must be approved by the Legal Unit and Grants Office. Reimbursement is the preferred method for paying grantees. If an Advance Payment is being requested the Activity Manager must complete the Advance Payments Form and submit to health.grantsoffice@state.mn.us for review. If an advance payment is approved, discuss with the Grants Office what language needs to be incorporated into the grant agreement template to address the monitoring and reconciling of the advance.
9.	Activity Manager or Designee	Send Encumbrance Worksheet, Grant Award Cover Sheet (if appropriate) and MDH Grant Agreement, with all attachments/exhibits to Legal Unit for review at health.legal-review@state.mn.us Use the following naming convention for the Subject line of the email: SFY – Date it needs to be encumbered by – Agreement Type – Grantee name – grant program – requesting division <i>EX: FY23 – 4/30/23 – Grant – Red Door Clinic – HIV Testing - IDEPC</i> ○ If grant is a Single and Sole Source, include signed justification form. ○ If approved for an advance payment, include approved Advance Payment Request Form.
10.	Legal Unit	Review proposed grant agreement to see that it is in conformance with state agency requirements for grants and that grant language is not obviously ambiguous or unclear. Discusses any concerns with

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		Activity Manager. Once the grant agreement is approved, forwards to Financial Management for review and encumbrance and copies the Activity Manager or Designee.
11.	Financial Management	Monitors contract execution process for compliance in their role as certifier that the grant agreement is a legally-binding agreement, that grant language matches funding being used, to encumber funds in SWIFT (Statewide Integrated Financial Tools) and complete the Encumbrance Worksheet. Electronic file is then returned to Activity Manager or Designee.
12.	Activity Manager or Designee	Print three copies of the Grant Award Cover Sheet (if appropriate), grant agreement and all attachments/exhibits and mail all three copies to the grantee for their signature. OR Forward electronic file of Grant Award Cover Sheet (if appropriate), grant agreement and all attachments/exhibits to grantee for their review and signature. The Encumbrance Worksheet is for internal use only, however, it contains no private information so could be included with the grant agreement at Activity Manager or Designee discretion. Please use the following naming convention in the subject line of the DocuSign envelope: Document Type Division Acronym PO No. or Contract No., if applicable Grants and Contracts SharePoint Tracking # (REQ ID) or MRQ Rush, if applicable COVID-19, if applicable 16. If you need a DocuSign account, please contact Health.Legal-review@state.mn.us.
13.	Grantee	Review grant agreement and attachments/exhibits, sign all three copies of the grant agreement and mail to the activity manager or designee. OR Review grant agreement and attachments/exhibits, print signature

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		page, sign and transmit document by FAX, or scanned PDF to the activity manager or designee.
14.	Financial Management	Send Grant Award Cover Sheet (if applicable), encumbrance form, three copies of grantee signed grant agreement with all attachments/exhibits and 16A/16C Form if required by Interoffice Mail to Financial Management.
15.	Activity Manager or Designee	Signs the three copies of the grant agreement. Maintains one for Financial Management files and returns the remaining two copies to the activity manager by Interoffice mail.
16.	Activity Manager or Designee	Keep one copy of grant agreement with all attachments/exhibits and mail/email one copy to grantee, notifying grantee that they now can begin work.
17.	Grantee	Begins work on project.

Forms

- [Advance Payment Request Form](#)
- [Conflict of Interest Disclosure Grant Application Reviewer](#)
- [RFP Template](#)
- [Purchasing Violation \(16A 16C\) Form](#)
- [16A.15/16C.05 Form Instructions](#)
- [Due Diligence Review Form](#)
- [Encumbrance Worksheet](#)
- [Appropriate Grant Agreement Template](#)
- [Pre-award assessment and Plan](#)
- [Single Sole Source Justification Form](#)

Related Information

- MDH [Code of Ethical Conduct PL607.01](#)
- [State of Minnesota Policy Number: 08-03](#)
- [Grant RFP Promotion Guide](#)
- [Grant RFP Equity Guide](#)
- [Reducing Bias in the Grant Review Process Guide](#)
- [MDH Standard ST506.01 Grants Deadline for Receipt of Applications](#)

- [Office of Grants Management Policies](#)
- [DocuSign instructions](#)