



Grantee Monitoring Procedure

Chapter 5: Finance

Procedure Number: PR539.02 (supersedes PR539.01)
Effective Date: 7/12/2022
Reviewed By: Chief Operating Officer, Health Operations Team
Approval: Grants Director

Purpose Statement

MDH is responsible for monitoring grantee activities per the Office of Grants Management (OGM) Policy 08-10 "Grant Monitoring," Minn. Stat. § 16B.97, "Grants Management," and/or the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG) to:

- ensure grantees compliance with applicable State and/or Federal requirements,
- ensure grantees compliance of award terms and conditions,
- to detect areas of needed technical assistance and respond accordingly
- to ensure performance expectations are being met

A grant monitoring visit is the opportunity to review the grantee's implementation and management of MDH-funded grant activities. Grant staff are responsible for ensuring that grant monitoring activities are conducted, documented, in the grantee files, and that any needed adjustments to the grant terms and conditions are implemented. The MDH grant program(s) is encouraged to share resources and conduct joint grant monitoring of common grantees when possible.

Any grant agreement(s), and any amendments, whose total reaches **\$50,000 or more requires:**

- **at least one monitoring visit during the grant period** before the final payment is made; and,
- **financial reconciliation** of grantee's expenditures at least once before final payment is made.
- Both should be conducted at least six months prior to the grant agreement expiring so there is time to make any needed adjustments.

Any grant agreement(s), and any amendments, whose total reaches **\$250,000 or more requires:**

- **at least one monitoring visit for each 12-month period** before the final payment is made. The last grant monitoring visit should be conducted at least six months prior to the grant agreement expiring so there is time to make any needed adjustments.
- at a minimum, one **financial reconciliation** of grantee's expenditures before the final payment is made. It is recommended that more than one financial reconciliation be conducted for each 12-month period for grants of this size.

Any grant agreement(s), and any amendments, with a Community Health Board (CHB):

- **at least one monitoring visit** during the grant period before final payment is made is required for grants whose total reaches \$50,000 or more; for grants whose total reaches \$250,000 or more, at least one monitoring visit for each 12-month period before final payment is made is required.
- Community Health Boards (CHBs) are part of a sampling plan exception process where they are subject to a **general ledger review instead of a financial reconciliation**. Programs may complete a financial reconciliation of their specific grant with that specific CHB, in addition to the general ledger review.
- The CHB general ledger review schedule is posted on Grants Central.

Applicability

This policy applies to all MDH divisions who execute outgoing grant agreements and the MDH staff who oversee those grants and the grantee's activities, grants that were competitively bid, legislatively named, formula grants, those named in a federal grant application and single/sole source grants.

Definitions

Financial Reconciliation: a financial reconciliation involves reconciling a grantee's invoice(s) for a given period with supporting documentation so that MDH can ensure that all costs were allowable, allocable, reasonable, and accurate.

Grant Staff: Grant staff are any MDH staff who work in the grant program and perform some job duties related to outgoing grant agreements. This may include, but is not limited to, the grant manager, the State's Authorized Representative, the financial staff who review/code grantee invoices or maintain internal grantee budget information, the program financial staff who conduct financial reconciliations, and the supervisor or manager of said staff.

Grant Monitoring Visit: a grant monitoring visit involves the state grant staff and the grantee and occurs before final payment is made. Best practice is to conduct the visit in person but there may be circumstances where a virtual visit is conducted instead. The purpose is to review and ensure progress against the grant's goals, to address any problems or issues, and to build rapport between state grant staff and the grantee. Monitoring must be documented and kept in grantee files at MDH. Monitoring can take multiple forms:

- on-site monitoring or in-person monitoring – MDH grant staff visit a grantee's physical location of business to conduct monitoring, which consists of observation of the MDH grant program in action; interviewing grantee staff; viewing the items that the MDH grant has paid for such as computers, printers, and other office equipment; promotional materials and brochures the grantee has created/purchased; and if applicable, conduct an impromptu, on-site reconciliation of any incentives that were purchased/distributed/remain on hand, especially if pre-paid gift cards were purchased. This is not an exhaustive list.
- virtual monitoring – If MDH staff cannot reasonably visit a grantee's physical location for a variety of reasons, then a virtual monitoring visit may be conducted. Virtual monitoring can be conducted by combining information gathered through one or more of the following methods, including but not limited to:

- telephone or e-mail conversations that are documented
- virtual introductions to grantee staff working on the MDH funded grant
- online meetings to review program information
- impromptu face to face meetings or observation of the program in action virtually using Zoom, Microsoft Teams, Skype, or any other virtual platform
- if applicable, an impromptu reconciliation of any incentives that were purchased/distributed/remain on hand, especially if pre-paid gift cards were purchased

Supporting Documentation: documents such as invoices, purchase orders, receipts, payroll documentation, bank statements, credit card statements, and any other documentation that affirm the expenditures the grantee submitted for payment are accurate, allowable, reasonable, and pro-rated properly.

Procedures

Step No.	Responsible	Procedural Step
1.	Grant Staff	Determine which grantees have met the • \$50,000 threshold for a monitoring visit • \$250,000 threshold for a monitoring visit Review the grant agreement/amendments, pre-award risk assessment/due diligence, any completed financial reconciliations, progress reports, invoices, and any other information that helps to inform what should be on the agenda for the monitoring visit; this could include reviewing the grant agreement and authorizing legislation and or federal grant award. Contact the grantee to inform them that they are due for a monitoring visit and arrange a date, time and location (virtual/on-site). Ask the grantee if they have any issues they'd like to discuss during the monitoring visit and include it in the agenda. Provide the grantee an agenda that includes the grantee staff who should be present, this should include meeting the financial staff, talking through internal controls, the information or items that will be reviewed, and the grant activities that will be observed. Consider including other MDH staff in the monitoring visit. This could include, but is not limited to, staff from your program's financial analyst roles, grant specialists/coordinators, your manager/supervisor. AND

Step No.	Responsible	Procedural Step
		Determine which grantees have met the \$50,000 threshold for a financial reconciliation. Then see MDH PR535.02 Grants Financial Reconciliation Procedures .
2.	Grantee	Informs staff of upcoming monitoring visit, who should be in attendance, what should be prepared or ready for physical verification, observation, etc. Grantee should also have a copy of the grant agreement at the ready.
3.	Grant Staff	Conduct the grant monitoring visit and document: • Topics discussed with grantee and strategies to address any barriers • Staff who were in attendance and their roles • Discuss areas of concern identified in the pre-award risk assessment • Visual confirmation of policies and procedures; confirming documents are accessible to all employees (ex. SharePoint site, document library) • Progress on work plan – what has occurred and what is still upcoming • Comparison of budgeted amounts to actual expenditures – is grantee overspending or underspending, how will that be handled, why the variance • Review grantee’s Chart of Accounts or documentation on how funds are tracked separately (e.g. spreadsheet, software) • Visual confirmation of any office supplies (computers, printers, monitors, desks, etc.) that the MDH grant paid for • If applicable, visually confirm that there is secure storage of any incentives on hand, and conduct an onsite reconciliations of any incentives the grantee has purchased/distributed/on-hand Evaluate the results of the grant monitoring visit and consider if any changes are needed to the current grant agreement. Write up a summary of the grant monitoring visit including any needed adjustments or follow up required. Sends summary to Grantee and keeps copy in grantee’s file.
4.	Grantee	Receives summary of grant monitoring visit(s), shares with all grantee staff who work on the MDH grant, and initiates any required actions. Follows up with MDH grant staff as needed on any required actions. Retains copy of summary in files.

Forms

- [Office of Grants Management \(OGM\)'s Sample Agency Monitoring Plan](#)
- [MDH Sample Monitoring Form](#) (MS Word)
- [MDH Sample Monitoring Assessment Matrix](#) (MS Excel)

Related Information

- [OGM Policy 08-10 Policy on Grant Monitoring](#)
- [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

History

- Policy 238.03 renumbered PR539.01
- PR539.01 superseded by Pr529.02 – 7/12/2022