



Rural Hospital Planning & Transition Grant Program - 2023

GRANT REQUEST FOR PROPOSAL (RFP)

Minnesota Department of Health
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11/21/2022

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RFP Part 1: Overview

1.1 General Information

- **Announcement Title:** Rural Hospital Planning & Transition Grant Program FY2023
- **Minnesota Department of Health (MDH) Program Website:** [ORHPC Grant Information - Minnesota Dept. of Health \(state.mn.us\)](https://www.health.state.mn.us/ohpc/grantinformation/)
- **Application Deadline:** 11:59pm, January 27th, 2023

1.2 Program Description

[MN Statutes Sec. 144.147](#) authorizes the Commissioner of Health to award grants to eligible rural hospitals to for the development of strategic plans that preserve or enhance access to health services or to implement transition projects to modify the type and extent of services provided, based on an existing strategic plan.

1.3 Funding and Project Dates

Funding

Funding will be allocated through a competitive process. If selected, you may only incur eligible expenditures when the grant agreement is fully executed, and the grant has reached its effective date. The Planning and Transition grant is subject to the Health Care Access Fund indirect rate of 20.3% on the first \$25,000 for 2023.

Funding	Estimate
Estimated Amount to Grant	\$250,000
Estimated Number of Awards	10
Estimated Award Maximum	\$45,000
Estimated Award Minimum	\$25,000

Match Requirement

Applicant hospitals must certify that at least 50 percent of the grant request amount will be matched from non-state sources.

Project Dates

June 1, 2023 – May 31, 2024

1.4 Eligible Applicants

An eligible applicant for this grant program is a non-profit, non-federal, general acute care hospital in Minnesota that also satisfies the following criteria:

- Hospitals outside of the seven-county metropolitan area
- Small, non-profit hospitals with 50 or fewer beds
- Hospitals providing general, acute care located in a rural area, or in a community with a population of less than 15,000 according to United States Census Bureau statistics

1.5 Questions and Answers

All questions regarding this RFP must be submitted by email or phone to Robin Bly at health.ruralhospitalgrants@state.mn.us or 651-201-3936. All answers will be posted within three business days at [ORHPC Grant Information - Minnesota Dept. of Health \(state.mn.us\)](#).

Please submit questions no later than 4:30 p.m. Central Standard Time (CST), on January 19, 2023.

To ensure the proper and fair evaluation of all applications, other communications regarding this RFP including verbal, telephone, written or internet initiated by or on behalf of any applicant to any employee of the Department, other than questions submitted to as outlined above, are prohibited. **Any violation of this prohibition may result in the disqualification of the applicant.**

RFP Information Meeting

An informational webinar will be held on December 8, 2022 at 10 a.m. Materials from the meeting, including questions and answers will be posted by 4:30 p.m. Central Standard Time (CST), on December 16, 2022 at [ORHPC Grant Information - Minnesota Dept. of Health \(state.mn.us\)](#).

RFP Part 2: Program Details

2.1 Priorities

Health Equity Priorities

It is the policy of the State of Minnesota to ensure fairness, precision, equity and consistency in competitive grant awards. This includes implementing diversity and inclusion in grant-making. [The Policy on Rating Criteria for Competitive Grant Review](#) establishes the expectation that grant programs intentionally identify how the grant serves diverse populations, especially populations experiencing inequities and/or disparities.

In determining which hospitals will receive grants the following criteria shall be considered:

- improving community access to hospital or health services;
- changes in service populations;
- availability and upgrading of ambulatory and emergency services;
- the extent that the health needs of the community are not currently being met by other providers in the service area;
- the need to recruit and retain health professionals;
- the extent of community support;
- the integration of health care services and the coordination with local community organizations, such as community development and public health agencies; and
- the financial condition of the hospital.

This grant will serve:

- Hospitals outside of the seven-county metropolitan area
- Small, nonprofit hospitals with 50 or fewer beds
- Hospitals providing general, acute care
- Hospitals needing to create strategic plans for future success
- Hospitals transitioning through their existing strategic plans to ensure longevity of services

Grant outcomes will include:

- Establish a sustainable strategic plan to preserve or enhance access to health services for rural populations
- Implement projects and modify as necessary to reflect the needs of rural constituents and the plan

2.2 Eligible Projects

Grants may be used by hospitals and their communities to (1) **develop strategic plans** for preserving or enhancing access to health services. and (2) **implementing transition projects** to modify the type and extent of services provided, based on an existing plan.

At a minimum, a strategic plan must consist of:

- a needs assessment to determine what health services are needed and desired by the community. The assessment must include interviews with or surveys of area health professionals, local community leaders, and public hearings;
- an assessment of the feasibility of providing needed health services that identifies priorities and timeliness for potential changes; and
- an implementation plan.

The strategic plan must be developed by a committee that includes representatives from the hospital, local public health agencies, other health providers, and consumers from the community.

The grants may also be used by eligible rural hospitals that have developed strategic plans to implement transition projects to modify the type and extent of services provided, in order to reflect the needs of that plan. Grants may be used by hospitals under this paragraph to develop hospital-based physician practices that integrate hospital and existing medical practice facilities that agree to transfer their practices, equipment, staffing, and administration to the hospital. The grants may also be used by the hospital to establish a health provider cooperative, a telehealth system, an electronic health records system, or a rural health care system or to cover expenses associated with being designated as a critical access hospital for the Medicare rural hospital flexibility program. Not more than one-third of any grant shall be used to offset losses incurred by physicians agreeing to transfer their practices to hospitals.

A key component of this grant program is the requirement of a 30-day period for the local Community Health Board (CHB) to review the proposal and submit comments to the Commissioner of Health. It is the responsibility of the applicant hospital to send a copy of the application to any relevant CHB.

Any single grant to a hospital, including hospitals that submit applications as consortia, may not exceed \$45,000 a year and may not exceed a term of one year.

Ineligible Expenses

Ineligible expenses include but are not limited to:

- Fundraising
- Taxes, except sales tax on goods and services
- Lobbyists, political contributions
- Bad debts, late payment fees, finance charges, or contingency funds

2.3 Grant Management Responsibilities

Grant Agreement

Each grantee must formally enter into a grant agreement. The grant agreement will address the conditions of the award, including implementation for the project. Grantee should read the grant agreement, sign, and once signed, comply with all conditions of the grant agreement.

No work on grant activities can begin until a fully executed grant agreement is in place and the State's Authorized Representative has notified the Grantee that work may start.

The funded applicant will be legally responsible for assuring implementation of the work plan and compliance with all applicable state requirements including worker's compensation insurance, nondiscrimination, data privacy, budget compliance, and reporting.

Accountability and Reporting Requirements

It is the policy of the State of Minnesota to monitor progress on state grants by requiring grantees to submit written progress reports until all grant funds have been expended and all of the terms in the grant agreement have been met.

The reporting schedule will be once every quarter. A standard invoice and report form will be provided to grantees. Reports will be due 20 days after the cycle:

- January 20
- April 20
- July 20
- October 20

Grant Monitoring

[Minn. Stat. § 16B.97](#) and [Policy on Grant Monitoring](#) require the following:

- One monitoring visit during the grant period on all state grants over \$50,000
- Conducting a financial reconciliation of grantee's expenditures at least once during the grant period on grants over \$50,000

Grant Payments

Per [State Policy on Grant Payments](#), reimbursement is the method for making grant payments. All grantee requests for reimbursement must correspond to the approved grant budget. The State shall review each request for reimbursement against the approved grant budget, grant expenditures to-date and the latest grant progress report before approving payment. Grant payments shall not be made on grants with past due progress reports unless MDH has given the grantee a written extension.

The invoicing and payment schedule will be quarterly. Reports will be submitted through the Office of Rural Health and Primary Care's online grant portal. A report form will be provided to grantees. Reports will be due 20 days after each quarter per the following schedule:

- January 20
- April 20
- July 20
- October 20

2.4 Grant Provisions

Contracting and Bidding Requirements

(a) Municipalities A grantee that is a municipality, defined as a county, town, city, school district or other municipal corporation or political subdivision of the state authorized by law to enter into contracts is subject to the contracting requirements set forth under [Minn. Stat. § 471.345](#). Projects that involve construction work are subject to the applicable prevailing wage laws, including those under [Minn. Stat. § 177.41](#), et. seq.

(b) Non-municipalities Grantees that are not municipalities must adhere to the following standards in the event that duties assigned to the Grantee are to be subcontracted out to a third party:

- i. Any services or materials that are expected to cost \$100,000 or more must undergo a formal notice and bidding process consistent with the standards set forth under Minnesota Statutes 16B.
- ii. Services or materials that are expected to cost between \$25,000 and \$99,999 must be competitively awarded based on a minimum of three (3) verbal quotes or bids.
- iii. Services or materials that are expected to cost between \$10,000 and \$24,999 must be competitively awarded based on a minimum of two (2) verbal quotes or bids or awarded to a targeted vendor.
- iv. The grantee must take all necessary affirmative steps to assure that targeted vendors from businesses with active certifications through these entities are used when possible:
 - Minnesota Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List (<http://www.mmd.admin.state.mn.us/process/search>);
 - Metropolitan Council's Targeted Vendor list: Minnesota Unified Certification Program (<https://mnuccp.metcc.state.mn.us/>) or
 - Small Business Certification Program through Hennepin County, Ramsey County, and City of St. Paul: Central Certification Program (<https://www.stpaul.gov/departments/human-rights-equal-economic-opportunity/contract-compliance-business-development-9>).

- v. The grantee must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.
- vi. The grantee must maintain support documentation of the purchasing or bidding process utilized to contract services in their financial records, including support documentation justifying a single/sole source bid, if applicable.
- vii. Notwithstanding (i) - (iv) above, State may waive bidding process requirements when:
 - Vendors included in response to competitive grant request for proposal process were approved and incorporated as an approved work plan for the grant or
 - There is only one legitimate or practical source for such materials or services and that grantee has established a fair and reasonable price.
- viii. Projects that include construction work of \$25,000 or more, are subject to applicable prevailing wage laws, including those under Minnesota Statutes 177.41 through 177.44.
- ix. Grantee must not contract with vendors who are suspended or debarred in MN: The list of debarred vendors is available at:
<http://www.mmd.admin.state.mn.us/debarredreport.asp>.

Conflicts of Interest

MDH will take steps to prevent individual and organizational conflicts of interest, both in reference to applicants and reviewers per [Minn. Stat. § 16B.98](#) and the Office of Grants Management's Policy 08-01, "Conflict of Interest Policy for State Grant-Making."

Applicants must complete the Applicant Conflict of Disclosure form ([Attachment B](#)) and submit it as part of the completed application. Failure to complete and submit this form will result in disqualification from the review process.

Organizational conflicts of interest occur when:

- a grantee or applicant is unable or potentially unable to render impartial assistance or advice
- a grantee's or applicant's objectivity in performing the grant work is or might be otherwise impaired
- a grantee or applicant has an unfair competitive advantage

Individual conflicts of interest occur when:

- an applicant, or any of its employees, uses their position to obtain special advantage, benefit, or access to MDH's time, services, facilities, equipment, supplies, prestige, or influence

- An applicant, or any of its employees, receives or accepts money, or anything else of value, from another state grantee or grant applicant with respect to the specific project covered by this RFP/project.
- An applicant, or any of its employees, has equity or a financial interest in, or partial or whole ownership of, a competing grant applicant organization.
- An applicant, or any of its employees, is an employee of MDH or is a relative of an employee of MDH.

In cases where a conflict of interest is perceived, disclosed, or discovered, the applicants or grantees will be notified and actions may be pursued, including but not limited to disqualification from eligibility for the grant award or termination of the grant agreement.

Public Data and Trade Secret Materials

All applications submitted in response to this RFP will become property of the State. In accordance with [Minn. Stat. § 13.599](#), all applications and their contents are private or nonpublic until the applications are opened.

Once the applications are opened, the name and address of each applicant and the amount requested is public. All other data in an application is private or nonpublic data until completion of the evaluation process, which is defined by statute as when MDH has completed negotiating the grant agreement with the selected applicant.

After MDH has completed the evaluation process, all remaining data in the applications is public with the exception of trade secret data as defined and classified in [Minn. Stat. § 13.37](#), subd. 1(b). A statement by an applicant that the application is copyrighted or otherwise protected does not prevent public access to the application or its contents. ([Minn. Stat. § 13.599](#), subd. 3(a)).

If an applicant submits any information in an application that it believes to be trade secret information, as defined by [Minn. Stat. § 13.37](#), the applicant must:

- Clearly mark all trade secret materials in its application at the time it is submitted,
- Include a statement attached to its application justifying the trade secret designation for each item, and
- Defend any action seeking release of the materials it believes to be trade secret, and indemnify and hold harmless MDH and the State of Minnesota, its agents and employees, from any judgments or damages awarded against the State in favor of the party requesting the materials, and any and all costs connected with that defense.
- This indemnification survives MDH's award of a grant agreement. In submitting an application in response to this RFP, the applicant agrees that this indemnification survives as long as the trade secret materials are in possession of MDH. The State will not consider the prices submitted by the responder to be proprietary or trade secret materials.

MDH reserves the right to reject a claim that any particular information in an application is trade secret information if it determines the applicant has not met the burden of establishing that the information constitutes a trade secret. MDH will not consider the budgets submitted by applicants to be proprietary or trade secret materials. Use of generic trade secret language

encompassing substantial portions of the application or simple assertions of trade secret without substantial explanation of the basis for that designation will be insufficient to warrant a trade secret designation.

If a grant is awarded to an applicant, MDH may use or disclose the trade secret data to the extent provided by law. Any decision by the State to disclose information determined to be trade secret information will be made consistent with the Minnesota Government Data Practices Act ([Ch. 13 MN Statutes](#)) and other relevant laws and regulations.

If certain information is found to constitute trade secret information, the remainder of the application will become public; in the event a data request is received for application information, only the trade secret data will be removed and remain nonpublic.

Audits

Per [Minn. Stat. § 16B.98](#), subd. 8, the grantee's books, records, documents, and accounting procedures and practices of the grantee or other party that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate. This requirement will last for a minimum of six years from the grant agreement end date, receipt, and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

Affirmative Action and Non-Discrimination Requirements for all Grantees

The grantee agrees not to discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, marital status, status in regard to public assistance, membership or activity in a local commission, disability, sexual orientation, or age in regard to any position for which the employee or applicant for employment is qualified. [Minn. Stat. § 363A.02](#). The grantee agrees to take affirmative steps to employ, advance in employment, upgrade, train, and recruit minority persons, women, and persons with disabilities.

The grantee must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The grantee agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Minn. Rules, part [5000.3550](#).

The grantee agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

2.5 Review and Selection Process

Review Process

Funding will be allocated through a competitive process with review by a committee representing individuals knowledgeable in rural hospital operations and finance. The review committee will evaluate all eligible and complete applications received by the deadline.

MDH will review all committee recommendations and is responsible for award decisions. **The award decisions of MDH are final and not subject to appeal.** Additionally:

- MDH reserves the right to withhold the distribution of funds in cases where proposals submitted do not meet the necessary criteria.
- The RFP does not obligate MDH to award a grant agreement or complete the project, and MDH reserves the right to cancel this RFP if it is considered to be in its best interest.
- MDH reserves the right to waive minor irregularities or request additional information to further clarify or validate information submitted in the application, provided the application, as submitted, substantially complies with the requirements of this RFP. There is, however, no guarantee MDH will look for information or clarification outside of the submitted written application. Therefore, it is important that all applicants ensure that all sections of their application are complete to avoid the possibility of failing an evaluation phase or having their score reduced for lack of information.

Selection Criteria and Weight

The review committee will be reviewing each applicant on a 100-point scale. A standardized scoring system will be used to determine the extent to which the applicant meets the selection criteria.

The scoring factors and weight that applications will be judged are based on the following which are elaborated on in [Attachment A](#):

- Applicant provides description of the problem – 20 points
- Applicant thoroughly planned out the project – 15 points
- Applicant has clear goals, objectives, and grant activities – 20 points
- Applicant's project budget is reasonable – 15 points
- Comments and review of the application by the community health board and community support – 30 points

Grantee Past Performance and Due Diligence Review Process

- It is the policy of the State of Minnesota to consider a grant applicant's past performance before awarding subsequent grants to them.
- State policy requires states to conduct a financial review prior to a grant award made of \$25,000 and higher to a nonprofit organization, in order to comply with [Policy on the Financial Review of Nongovernmental Organizations](#).

Notification

MDH anticipates notifying all applicants via email of funding decisions by May 31, 2023.

RFP Part 3: Application and Submission Instructions

3.1 Application Deadline

All applications **must** be received by MDH no later than 4:30 p.m. Central Time, on 11:59pm, January 27th, 2023.

Late applications will not be accepted. It is the applicant's sole responsibility to allow sufficient time to address all potential delays caused by any reason whatsoever. MDH will not be responsible for delays caused by mail, delivery, computer or technology problems.

3.2 Application Submission Instructions

ORHPC requires application submissions to be made through an online [Grants Portal](#). Please reference the [Grant Guide](#) for information on account creation, password recovery, application creation, and collaboration.

Read **RFP Part 4: Application Guidance** within this request for proposals for further instructions on how to address application questions outlined in the Grants Portal.

If you have any questions, please contact us at: health.ruralhospitalgrants@state.mn.us.

3.3 Application Instructions

You must submit the following in order for the application to be considered complete:

- Organization and Applicant Information
- Project Information
- Proposal Narrative
- Key Personnel Biographic Sketch(es)
- Timeline and Workplan
- Community Health Board Information
- Budget
- Budget Narrative
- Required Attachments
 - Governing Board Resolution
 - Due Diligence Form
 - Audited Financial Statements
 - Strategic Plan

Incomplete applications may be rejected and not evaluated.

Applications must include all required application materials, including attachments. Do not provide any materials that are not requested in this RFP, as such materials will not be considered nor evaluated. **MDH reserves the right to reject any application that does not meet these requirements.**

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By submitting an application, each applicant warrants that the information provided is true, correct, and reliable for purposes of evaluation for potential grant award. The submission of inaccurate or misleading information may be grounds for disqualification from the award, as well as subject the applicant to suspension or debarment proceedings and other remedies available by law.

All costs incurred in responding to this RFP will be borne by the applicant.

RFP Part 4: Application Guidance

Organization and Applicant Information

Basic information about the applicant entity is requested, including legal and business name, address, and tax identification information for contracting purposes.

Project Information

This section requests summary information about the project, including the request amount, the name of the program the grant funds are being requested for and contact information.

Narrative Guidance

The online application provides open fields for grant applications to respond to narrative questions about the project. Please provide concise and thorough responses to the questions outlined below.

Hospital Overview

Describe the hospital, the services it provides, the population it serves, and the hospital's service area. The hospital overview should also describe the age, size, available inpatient beds, configuration and condition of the hospital facilities and equipment, how many patients are served, capital improvement needs, distance to nearest tertiary care center, etc.

Problem Statement

The problem statement must clearly describe the nature of the health service problem(s) in the service area. The narrative should document changes in service populations over time, the extent to which health care needs of the community are not being currently met by the hospital or other providers in the service area, and the projected demand for ambulatory and emergency services.

Project Statement

Provide a brief overview of the project that includes the following:

- Description of the hospital and its service area, including the number of beds
- Description of the activities the proposed project will be undertaking and the need it will address
- Statement whether the grant funds will be used for the development of a strategic plan or the implementation of a transition project based on an existing plan.

Project Method/Activities

The project description must clearly explain how the grant funding will be used and what will be accomplished. State the measurable short-term objectives and long-range goals for the project. Applicant must also include the plan to evaluate the project.

Key Personnel Bibliographical Sketch(es)

List out each key project staff person identified in the proposal narrative. Information should include: name, title, role in proposed project, relevant education, and professional experience relevant to the proposed project.

Timeline and Workplan

Provide a timeline for the top project activities/tasks. The timeline should identify the staff position or role (ex. Clinical Director, Strategic Planning Consultant, etc.) involved in each task, and the estimated start and completion date for each task. All requests must have at least 1 project activity defined.

Budget

Hospital Financial and Census Information Narrative

Provide a brief narrative that gives context/explains the data provided below.

Please complete the following with data specific to the hospital for which the grant is requested (i.e., not for the entire system).

Current Day Cash on Hand

Current Operating Margin

Current Total Margin

Average Daily Census in Last 12 months

Percent of Revenue from Outpatient Services

What percent of the total hospital's revenue came from outpatient services in the last 12 months?

Budget Narrative

Please provide a detailed budget description organized by the individual budget line items. The narrative must provide a rationale and details regarding how the budgeted cost items are calculated.

Community Health Board Information

After you have sent in a copy to the Community Health Board (CHB), fill in the information regarding Community Health Board name and submission date.

Required Attachments

Governing Board Resolution

Please complete the Governing Board Resolution form or provide copies of board-certified meeting minutes reflecting the applicable movement.

Due Diligence Form

Please complete and provide one copy of the Due Diligence form. The Minnesota Department of Health (MDH) conducts pre-award assessments of all grant recipients prior to award of funds in accordance with federal, state and agency policies. The Due Diligence Review is an important part of this assessment. These reviews allow MDH to better understand the capacity of applicants and identify opportunities for technical assistance to those that receive grant funds.

Audited Financial Statements

Please provide one copy of the most recent independent audit. If the audit encompasses multiple hospitals within a system/umbrella organization, please provide additional financial information, such as an income statement specific to the applicant hospital.

Strategic Plan

Please provide a copy of the developed strategic plan. At a minimum, a strategic plan must consist of:

- a needs assessment to determine what health services are needed and desired by the community. The assessment must include interviews with or surveys of area health professionals, local community leaders, and public hearings;
- an assessment of the feasibility of providing needed health services that identifies priorities and timeliness for potential changes; and
- an implementation plan.

RFP Part 5: Attachments

- Attachment A: [Application Evaluation Criteria](#)
- Attachment B: [Conflict of Interest](#)
- Attachment C: [Due Diligence Form](#)

Attachment A: Application Evaluation Criteria

A numerical scoring system will be used to evaluate eligible applications. Scores will be used to develop final recommendations.

Applicants are encouraged to score their own application using the evaluation score-sheet before submitting their application. This step is not required but may help ensure applications address the criteria evaluators will use to score applications.

Description of the Project	Planning of the Project	Project Goals, Objectives, and Activities	Project Budget	Community Support
20 points	15 points	20 points	15 points	30 points
Applicant clearly describes their service area	Applicant's strategic plan is through	Applicant's project addresses problems/needs	Applicant includes 50% match from nonstate grant dollars	Applicant demonstrates evidence of community support
Applicant provides clarity of the problem	Applicant's project is a priority in the strategic plan	Applicant's timetable is reasonable	Applicant's budget narrative is adequate	Applicant has a strong level of support from its community
Applicant provides adequate documentation of the problem	Applicant's project has an impact on access to quality health care	Applicant is likely to have a successful outcome	Applicant explains the need for grant dollars	
Applicant has selected an appropriate project to address the problem		Applicant's administration is capable of implementation	Applicant's budget is reasonable	

Attachment B: Conflict of Interest

The purpose of this form is to provide grant applicants a mechanism to disclose any actual, perceived or potential individual or organizational conflicts of interest that exist, as required by [Minn. Stat. § 16B.98](#), subd 2-3; Minnesota Office of Grants Management (OGM) [Policy 08-01, “Conflict of Interest Policy for State Grant-Making”](#); and federal regulation [2 Code of Federal Regulation \(CFR\) § 200.112, “Conflict of Interest.”](#) It is helpful if the applicant explains the reason for the conflict, but it is not required.

A disclosure will not automatically result in removal of the applicant, or grant application, from the review process.

Instructions

Read the descriptions below, mark the appropriate box(es) that pertain to you and your organization as it relates to this specific Request for Proposal (RFP), obtain applicant signature (applicant to determine appropriate signer).

Conflicts of Interest

Conflicts of interest may be actual, potential, or perceived. An actual conflict of interest occurs when a person uses or attempts to use their official position to secure benefits, privileges, exemptions or advantages for self, relatives, or organization with which the person is associated which are different from those available to the general public ([Minn. Stat. § 43A.38](#), subd. 5). A potential conflict of interest may exist if an applicant has relationships, affiliations, or other interests that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations, or interests. A perceived conflict of interest is any situation in which a reasonable person would conclude that conflicting duties or loyalties exists. A conflict of interest may exist even if no unethical, improper or illegal act results from it.

The Minnesota Department of Health (MDH) recognizes that applicants must maintain relationships with other public and private sector entities in order to continue as a viable organization. MDH will take this into account as it evaluates the appropriateness of proposed measures to mitigate actual, potential, and perceived conflicts of interest. It is not MDH’s intent to disqualify applicants based merely on the existence of a relationships with another entity, but rather only when such relationships cause a conflict that cannot be mitigated. Nevertheless, MDH and its partners must follow federal regulation and statutory guidance on conflicts of interest.

I. Organizational Conflict of Interest:

An **organizational conflict** of interest exists when, because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice, or a person’s objectivity in performing the grant work is or might be otherwise impaired, or a person has an unfair competitive advantage.

An example of organizational conflict of interest includes, but is not limited to:

- Unequal Access to Information. Access to information that is classified as nonpublic data or is otherwise unavailable to the public could provide a vendor a competitive advantage in a later competition for another grant. For example, a nonprofit entity, in the course of conducting grant work for the State, may be given access to information that is not available to the public such as government plans, opinions, interpretations or positions. This nonprofit entity cannot use this information to its advantage in securing a subsequent grant, and measures must be put into place to assure this. Such an advantage could be perceived as unfair by a competing vendor who is not given similar access to the relevant information.

II. Individual Conflict of Interest:

An **individual conflict** of interest occurs when any of the following conditions is present:

- a. An applicant, or any of its employees, uses their position to obtain special advantage, benefit, or access to MDH's time, services, facilities, equipment, supplies, prestige, or influence.
- b. An applicant, or any of its employees, receives or accepts money, or anything else of value, from another state grantee or grant applicant with respect to the specific project covered by this RFP/project.
- c. An applicant, or any of its employees, has equity or a financial interest in, or partial or whole ownership of, a competing grant applicant organization.
- d. An applicant, or any of its employees, is an employee of MDH or is a relative of an employee of MDH.

Examples of individual conflict of interest include, but are not limited to:

- An individual owns Entity C and also sits on the board of Entity D, and both entities are applying to the same RFP.
- An employee or volunteer of the applicant has previously worked with MDH to create the "ground rules" for this solicitation by performing work such as, but not limited to: writing this RFP, preparing evaluation criteria, or evaluation guides for this RFP.
- An employee or volunteer of the applicant is compensated for serving on the board of a non-profit that may benefit from this work.

Instances in which an individual or applicant worked in a volunteer capacity with MDH should be evaluated on a case-by-case basis. Volunteer status has the potential to, but does not necessarily create a conflict of interest, depending on the nature of the relationship between the two parties. Volunteer is defined as "[a]n individual who performs hours of service for a public agency for civic, charitable, or humanitarian reasons, without promise, expectation or receipt of compensation for services rendered, is considered to be a volunteer during such hours" ([29 CFR § 553.101\(a\)](#)).

Attachment C: Due Diligence Review Form

The Minnesota Department of Health (MDH) conducts pre-award assessments of all grant recipients prior to award of funds in accordance with federal, state and agency policies. **The Due Diligence Review is an important part of this assessment.**

These reviews allow MDH to better understand the capacity of applicants and identify opportunities for technical assistance to those that receive grant funds.

Organization	Information
Organization Name:	
Organization Address:	
If the organization has an Employer Identification Number (EIN), please provide EIN here:	
If the organization has done business under any other name(s) in the past five years, please list here:	
If the organization has received grant(s) from MDH within the past five years, please list here:	

Section 1: To be completed by all organization types

Section 1: Organization Structure	Points
1. How many years has your organization been in existence? <input type="checkbox"/> Less than 5 years (5 points) <input type="checkbox"/> 5 or more years (0 points)	
2. How many paid employees does your organization have (part-time and full-time)? <input type="checkbox"/> 1 (5 points) <input type="checkbox"/> 2-4 (2 points) <input type="checkbox"/> 5 or more (0 points)	
3. Does your organization have a paid bookkeeper? <input type="checkbox"/> No (3 points) <input type="checkbox"/> Yes, an internal staff member (0 points) <input type="checkbox"/> Yes, a contracted third party (0 points)	
SECTION 1 POINT TOTAL	

Section 2: To be completed by all organization types

Section 2: Systems and Oversight	Points
<p>4. Does your organization have internal controls in place that require approval before funds can be expended?</p> <p><input type="checkbox"/> No (6 points)</p> <p><input type="checkbox"/> Yes (0 points)</p>	
<p>5. Does your organization have written policies and procedures for the following processes?</p> <ul style="list-style-type: none"> • Accounting • Purchasing • Payroll <p><input type="checkbox"/> No (3 points)</p> <p><input type="checkbox"/> Yes, for one or two of the processes listed, but not all (2 points)</p> <p><input type="checkbox"/> Yes, for all of the processes listed (0 points)</p>	
<p>6. Is your organization’s accounting system new within the past twelve months?</p> <p><input type="checkbox"/> No (0 points)</p> <p><input type="checkbox"/> Yes (1 point)</p>	
<p>7. Can your organization’s accounting system identify and track grant program-related income and expense separate from all other income and expense?</p> <p><input type="checkbox"/> No (3 points)</p> <p><input type="checkbox"/> Yes (0 points)</p>	
<p>8. Does your organization track the time of employees who receive funding from multiple sources?</p> <p><input type="checkbox"/> No (1 point)</p> <p><input type="checkbox"/> Yes (0 points)</p>	
<p>SECTION 2 POINT TOTAL</p>	

Section 3: To be completed by all organization types

Section 3: Financial Health	Points
<p>9. If required, has your organization had an audit conducted by an independent Certified Public Accountant (CPA) within the past twelve months?</p> <p><input type="checkbox"/> Not Applicable (N/A) (0 points) – if N/A, skip to question 10</p> <p><input type="checkbox"/> No (5 points) – if no, skip to question 10</p> <p><input type="checkbox"/> Yes (0 points) – if yes, answer question 9A</p>	
<p>9A. Are there any unresolved findings or exceptions?</p> <p><input type="checkbox"/> No (0 points)</p> <p><input type="checkbox"/> Yes (1 point) – if yes, attach a copy of the management letter and a written explanation to include the finding(s) and why they are unresolved.</p>	
<p>10. Have there been any instances of misuse or fraud in the past three years?</p> <p><input type="checkbox"/> No (0 points)</p> <p><input type="checkbox"/> Yes (5 points) – if yes, attach a written explanation of the issue(s), how they were resolved and what safeguards are now in place.</p>	
<p>11. Are there any current or pending lawsuits against the organization?</p> <p><input type="checkbox"/> No (0 points) – If no, skip to question 12</p> <p><input type="checkbox"/> Yes (3 points) – If yes, answer question 11A</p>	
<p>11A. Could there be an impact on the organization’s financial status or stability?</p> <p><input type="checkbox"/> No (0 points) – if no, attach a written explanation of the lawsuit(s), and why they would not impact the organization’s financial status or stability.</p> <p><input type="checkbox"/> Yes (3 points) – if yes, attach a written explanation of the lawsuit(s), and how they might impact the organization’s financial status or stability.</p>	
<p>12. From how many different funding sources does total revenue come from?</p> <p><input type="checkbox"/> 1-2 (4 points)</p> <p><input type="checkbox"/> 3-5 (2 points)</p> <p><input type="checkbox"/> 6+ (0 points)</p>	
SECTION 3 POINT TOTAL	

Section 4: To be completed by nonprofit organizations with potential to receive award over \$25,000 (excluding formula grants)

Office of Grants Management Policy 08-06 requires state agencies to assess a recent financial statement from nonprofit organizations before awarding a grant of over \$25,000 (excluding formula grants).

Section 4: Nonprofit Financial Review	Points
13. Does your nonprofit have tax-exempt status from the IRS? <input type="checkbox"/> No - If no, go to question 14 <input type="checkbox"/> Yes – If yes, answer question 13A	Unscored
13A. What is your nonprofit’s IRS designation? <input type="checkbox"/> 501(c)3 <input type="checkbox"/> Other, please list:	Unscored
14. What was your nonprofit’s total revenue (income, including grant funds) in the most recent twelve-month accounting period? Enter total revenue here:	Unscored
15. What financial documentation will you be attaching to this form? <input type="checkbox"/> If your answer to question 14 is less than \$50,000, then attach your most recent Board-approved financial statement <input type="checkbox"/> If your answer to question 14 is \$50,000 - \$750,000, then attach your most recent IRS form 990 <input type="checkbox"/> If your answer to question 14 is more than \$750,000, then attach your most recent certified financial audit	Unscored

Signature

I certify that the information provided is true, complete and current to the best of my knowledge.

- **SIGNATURE:**

- **NAME & TITLE:**

- **PHONE NUMBER:**

- **EMAIL ADDRESS:**

MDH Staff Use Only

Section 4A: Nonprofit Financial Review Summary

Complete Section 4A for nonprofit organizations with the potential to receive an award over \$25,000 (with the exception of formula grants). Skip Section 4A and move to Section 5 for all other grantee types.

1. Were there significant operating and/or unrestricted net asset deficits?
 - Yes – if yes, answer questions 3 and 4
 - No – if no, skip questions 3 and 4 and answer questions 5 and 6
2. Were there any other concerns about the nonprofit organization’s financial stability?
 - Yes – if yes, answer questions 3 and 4
 - No – if no, skip questions 3 and 4 and answer questions 5 and 6
3. Please describe the deficit(s) and/or other concerns about the nonprofit organization’s financial stability:
4. Please describe how the grant applicant organization addressed deficit(s) and/or other concerns about the nonprofit organization’s financial stability:
5. Granting Decision:
6. Rationale for grant decision:

Section 5: Total Points

Section 1	+	Section 2	+	Section 3	=	Total Points
	+		+		=	

Section 6: Program Information

MDH Grant Program	Information
Applicant Project Name	
MDH Grant Program Name	
Division/Section	
Date Nonprofit Review Completed	
Review conducted by	