# Tip Sheet: Grant Monitoring and Financial Reconciliation Policy 08-10

The [Policy 08-10 on Grant Monitoring](https://mn.gov/admin/assets/grants_policy_08-10_tcm36-207117.pdf) requires that state agencies conduct monitoring visits and complete financial reconciliation of grantee expenditures before final payment is made on all state grants.

## Minimum requirements and financial thresholds:

* All grants >$50K must have **one** grant payment reconciled before final payment of the grant.
	+ **Example**: One payment reconciled before final payment of two-year grant contract agreement
* All grants >$50K – $249,999 must have **one** monitoring visit conducted before final payment is made on the grant.
	+ **Example**: One monitoring visit conducted before final payment of two-year grant contract agreement
		- The monitoring visit may be conducted in-person, by phone or other virtual meeting options
* All grants >$250K must have **annual** monitoring visits before final payment of the grant.
	+ **Example**: Two monitoring visits conducted before final payment of two-year grant contract agreement
* Additional or enhanced monitoring may be conducted based on the results of the preaward risk assessment, any resulting risk mitigation plan and identified internal controls, or targeted technical assistance, etc.
* Documentation from monitoring visits, including financial reconciliation, must be kept in the official grant file.

### **Policy Options:**

* **Agencies choose**:
	+ Type of Monitoring visit: On-site, Phone, virtual meeting option, etc.
	+ Financial reconciliation source documents:
		- Range of options include purchase orders, receipts, payroll records, etc.
	+ Financial reconciliation expenditure options:
		- Range of options of which specific grant project expenditures in a given payment are subject to financial reconciliation
	+ Sampling options:
		- A granting agency with multiple grants of similar grant periods with the same grantee may choose to identify which grants represent a sample that will receive monitoring and financial reconciliation before a final payment is made. The granting agency should retain the written post-award risk assessment identifying the sampling criteria as part of the official grant file per policy.

### **FAQ’s**:

* What is a grant period?
	+ The start and end date of the grant contract agreement
	+ Final payment of a grant contract agreement likely occurs after the grant end date
* What if the payment method for the grant is an advance?
	+ The [Policy 08-08 on Grant Payments](https://mn.gov/admin/assets/08-08%20Policy%20on%20Grant%20Payments%20FY21%20_tcm36-438962.pdf) requires that every advance payment issued as part of the grant contract agreement is reconciled on all grants >$50K.
	+ The granting agency has options on the timing of when the advance must be reconciled:
		- Either within 12 months of issuing the advance **or** within 60 days of the end of the grant period.
		- The granting agency has the same options on how to approach financial reconciliation source documents and expenditure options as defined in [Policy 08-10 on Grant Monitoring](https://mn.gov/admin/assets/grants_policy_08-10_tcm36-207117.pdf)

**Resources**:

* [Training and Development](https://mn.gov/admin/government/grants/training/)/**Monitoring and Financial Review tabs**
* [Grants Management Policies, Statutes and Forms](https://mn.gov/admin/government/grants/policies-statutes-forms/)/**Forms and FAQs tab: Grant Financial Reconciliation and Record Retention FAQ’s**

**Statutory citations:**

* [Minn. Stat. §16B.97](https://www.revisor.mn.gov/statutes/cite/16b.97) Subd. 4 (a) (1)
* [Minn. Stat. §16B.98](https://www.revisor.mn.gov/statutes/?id=16B.98) Subd. 6 and Subd. 8
* [Minn. Stat.](https://www.revisor.mn.gov/statutes/cite/16B.981) § [16B.981](https://www.revisor.mn.gov/statutes/cite/16B.981)