

## Minnesota Department of Administration Office of Grants Management

Operating Policy and Procedure

Issue Date: 12/18/08

Revised 8/31/11, 12/02/16

Policy Number: 08-10

Policy on Grant Monitoring

[Minn. Stat. §16B.97](#)

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Minn. Stat. §16B.97 Subd. 4(a)(1) provides that the Commissioner of Administration shall “create general grants management policies and procedures that are applicable to all executive agencies.”

### **Policy**

It is the policy of the State of Minnesota to conduct at least one monitoring visit before final payment is made on all state grants over \$50,000 and to conduct at least annual monitoring visits on grants of over \$250,000. Although state agencies may conduct monitoring visits in person or by telephone, it is recommended that the visits occur in person whenever possible. It is also recommended that each grant program use a standardized form and procedures for monitoring visits so that grant management information is tracked consistently. Documentation from monitoring visits must be kept in the grant file.

State agencies must also conduct a financial reconciliation of grantees’ expenditures at least once on grants over \$50,000 before final payment is made.

A granting agency with multiple grants of similar grant periods with the same grantee may choose to identify through a documented risk assessment which grant(s) represent a sample that will receive monitoring and financial reconciliation before a final payment is made.

If state agencies are unable to meet the minimum requirements detailed above, they may develop and file an agency monitoring and financial reconciliation plan for approval by the Office of Grants Management.

Granting agencies must request exceptions to this policy when:

- A granting agency is unable to perform a monitoring visit and/or a reconciliation for each grant over \$50,000 before final payment is made;

**Or**

- A granting agency has multiple grants with similar grant periods with the same grantee and the granting agency is unable to perform at least one reconciliation and monitoring visit with the grantee before a final payment is made to that grantee.

Please contact the Office of Grants Management for additional assistance if your agency needs technical assistance for developing a grant monitoring and financial reconciliation plan.

### **Scope of Coverage**

This policy applies to grant-making at all executive branch agencies, boards, committees, councils, authorities, and task forces that make grants. This policy applies to competitive, legislatively made, formula and single and sole source grants, but does not apply to bonding and capital grants.

Grant programs that seek an exception to this policy must complete:

- A Grants Policy Exception Request
- A Grant Monitoring and Financial Reconciliation Plan
- A Risk Assessment

and submit it to the Office of Grants Management for the approval of the Commissioner of Administration.

### **Definitions**

#### **Grant Monitoring Visit:**

A grant monitoring visit involves both state granting agency staff (and/or contractors) and the grantee and occurs before final payment is made. It may be conducted on-site or by telephone. The purpose of grant monitoring visits is to review and ensure progress against the grant's goals, to address any problems or issues before the end of the grant period, and to build rapport between the state agency and the grantee. An effective grant monitoring visit may cover topics including but not limited to statutory compliance, challenges faced by the grantee, modifications made to the grant program, program outcomes, grantee policies and procedures, grantee governance, and training and technical assistance needs.

#### **Financial Reconciliation:**

A financial reconciliation involves reconciling a grantee's request for payment for a given period with supporting documentation for that request, such as purchase orders, receipts and payroll records and occurs before final payment is made. Agencies can choose to:

- Identify their standards on source documentation for completing a financial reconciliation.
- Establish which grant project expenditures are subject to financial reconciliation.

#### **Monitoring and Financial Reconciliation Plan**

A grant monitoring and financial reconciliation plan involves completing a risk assessment of agency grantees and outlining a specific plan to monitor and reconcile agency grants over \$50,000 during the grant period or before final payment is made. The plan can incorporate an agency's risk assessment and include a timeline for completing ongoing monitoring and financial reconciliations during the grant period or before final payments is made. The risk assessment can include a sampling method for conducting monitoring and financial reconciliation for grantees with whom an agency has multiple grant contract agreements in place. Grant risk factors include but are not limited to grantee staff turnover, prior performance, results of pre-award financial review, and delayed or missing performance reports. State agencies can choose to document their current grant monitoring and financial reconciliation plan and retain it on file as part of their written grants policies and procedures. An agency grant monitoring and financial reconciliation plan can be updated as needed.

## Procedures

1. State agencies develop plans, procedures, and templates for monitoring visits.
2. State agencies identify which grants require a monitoring visit and which grants require a financial reconciliation, where the monitoring visits and financial reconciliations will take place, and which agency employees/contractors will participate.
3. State agencies schedule monitoring visits, giving grantees adequate notice and preparation time. State agencies should advise grantees on how to prepare for the monitoring visit and financial reconciliation, the format for the visit and which grantee staff members should be involved in the visit. All financial and progress reports that have been submitted should be reviewed before the monitoring visit takes place.
4. State agencies conduct and document monitoring visits and financial reconciliations. Documentation is kept in the grant file and is used by the state agency to inform and enhance future grant application and request for proposal processes and agency technical assistance.