MINNESOTA
OFFICE OF CANNABIS MANAGEMENT

Grantee Manual

Division of Social Equity

August 4, 2025

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Introduction

The Minnesota Office of Cannabis Management (OCM) Division of Social Equity (DSE) aims to help our grantees succeed. This manual is a valuable tool for achieving that goal.

OCM is responsible for monitoring grantee compliance with state guidelines. When awarding grants with state funds, OCM is required to follow the grants management policies set by the Minnesota Department of Administration, Office of Grants Management (OGM). This requirement comes from Minnesota Statutes, sections 16B.97 and 16B.98.

The guidance in this manual applies to all recipients of state funding administered by OCM and provides basic information to properly administer and manage grant funds. Notices published by OGM policies, Minnesota Management and Budget (MMB) and Office of the Legislative Auditor were used in preparing this manual. Current versions of the referenced documents are available in the following links:

- Minnesota Office of Grants Management Policies, Statutes and Forms
- Minnesota Statutes, chapter 342

The information in this guide is based on current policies and regulations as of the publication date. This guide is subject to change. Version numbers will be updated on the cover of this guide. Find the revision log at the end of this guide for revision history by version number and date.

OCM general information

OCM was established by the Minnesota Legislature in 2023. Minnesota Statutes, section 342.02 requires OCM to create rules, establish policy, and exercise regulatory authority over the cannabis industry and hemp consumer industry. Additionally, OCM is tasked with:

- Promoting the public health and welfare
- Protecting public safety
- Eliminating the illicit market for cannabis flower and cannabis products
- Meeting the market demand for cannabis flower and cannabis products
- Promoting a craft industry for cannabis flower and cannabis products
- Prioritizing growth and recovery in communities that have experienced a disproportionate, negative impact from cannabis prohibition

OCM grant programs

The OCM Division of Social Equity upholds three overarching priorities: community development, safety, and stability. To this end, DSE administers two competitive outgoing grants: **CanRenew** (Minnesota Statutes, section 342.70) and **CanGrow** (Minnesota Statutes, section 342.73).

Social equity applicants

OCM grant programs are intended to uplift individuals and communities that meet the definition of social equity applicants as defined in Minnesota Statutes, section 342.17. Grantees should become familiar with this definition and incorporate it into their data collection strategy and outreach efforts.

According to Minnesota's cannabis law, someone qualifies as a social equity applicant if the person meets at least one of the following criteria:

1. Was found delinquent for, received a stay of adjudication for or was convicted of an offense involving the possession or sale of cannabis prior to May 1, 2023
2. Had a parent, guardian, child, spouse or dependent convicted of an offense involving the possession or sale of cannabis prior to May 1, 2023
3. Was a dependent of someone convicted of an offense involving the possession or sale of cannabis prior to May 1, 2023
4. Is a military veteran, including service-disabled veterans, or current/former members of the National Guard
5. Is a military veteran or National Guard member who lost honorable status due to an offense involving the possession or sale of cannabis
6. Has been a resident for the past five years in areas with the following (see the **Social Equity Verification Map** for assistance):
    - High cannabis enforcement rates as determined by federal or state studies or data*
    - Poverty rate of 20% or more
    - Median family income not exceeding 80% of the statewide median family income (or if in metropolitan area, median did not exceed the greater of 80% of the statewide median family income or 80% of the median family income for that metropolitan area)
    - At least 20% of households receiving Supplemental Nutrition Assistance Program (SNAP) assistance
    - Populations that experienced a high level of vulnerability, according to the Centers for Disease Control and Prevention's Social Vulnerability Index
7. Has participated in farm operations for at least three years, providing the majority of day-to-day labor and management on a farm with gross sales between $5,000 and $100,000 in the previous year

Due to the lack of relevant data, OCM was unable to conduct the study directed by Minnesota Statutes, section 342.04, (b), which identifies areas experiencing disproportionately high levels of cannabis enforcement. Applicants who believe they meet this criterion may submit a study or report, based on federal or state data on arrests or convictions at the community level, as in the neighborhood or census tract, to OCM. OCM will then evaluate the submitted data to determine if it meets the specified criteria.

Social equity verification map

OCM offers a social equity mapping tool that can support grantees in planning and implementing projects. This map does not include information about trends in policing or crime, but does identify and rank areas using the following key criteria:

- Poverty rate
- Census tract median income
- Percent of households receiving SNAP
- Social vulnerability index ranking
- Percent veterans
- Percent of farmers earning under $50,000

OCM grants staff

The OCM grants manager and two grants coordinators oversee the grant programs. The grants manager is responsible for both programs, developing and interpreting grant guidance and policies. The grants coordinators work directly with applicants and grantees to ensure projects are effective and compliant. Their responsibilities include reviewing progress reports, processing financial status reports, monitoring projects, and addressing any potential issues that may arise.

OCM grant contact information

Communication topic	Point of contact
Reimbursement, reporting, modifications or amendments	Grants coordinator: grants.OCM@state.mn.us
Request for proposals (RFPs) and application technical assistance	Grants coordinator: grants.OCM@state.mn.us
Complaints	Ombudsperson: complaints@ocm.state.mn.us
Accommodation requests	ADA coordinator: HR_OCM@state.mn.us Notice under the ADA / Office of Cannabis Management

CanRenew

Established in accordance with Minnesota Statutes, section 342.70, the CanRenew community restoration grant program awards grants to eligible organizations for investments in communities where long-term residents qualify as social equity applicants as defined in section 342.17 (Minnesota Statutes, section 342.17). The CanRenew community restoration grant supports eligible organizations that make investments in communities adversely affected by past cannabis prohibition laws. Grants are awarded to programs that support economic development, health improvements, violence prevention, youth development, and civil legal aid. Grantees will be required to report on demographics, outcomes, and other measures of successful community impact from these grants.

CanGrow

Established in accordance with Minnesota Statutes, section 342.73, CanGrow grants aim to support farmers, particularly those from communities disproportionately affected by cannabis prohibition, in entering and succeeding in the regulated cannabis market. The CanGrow grants program includes two main components:

1. **Technical assistance:** CanGrow farmer training grants are awarded to eligible organizations to provide education, training, and guidance to farmers navigating the legal cannabis industry.
2. **Loan financing:** CanGrow farmer loan grants are provided to nonprofit corporations to issue low-interest loans to cannabis farmers for infrastructure, business expansion, and other eligible startup costs.

CanGrow farmer training grants

CanGrow farmer training grants are intended to assist farmers in understanding and complying with Minnesota's cannabis regulations through education and support services. Allowable activities include:

- Development and delivery of training and technical assistance
- Guidance on licensing, permitting, compliance, and safety standards
- Navigation of cannabis-specific business operations and financing

Grantees will be required to report on demographics, outcomes, and other measures of successful impact from these grants.

CanGrow farmer loan grants

CanGrow farmer loan grants are intended to increase access to capital for farmers entering the cannabis industry, mitigate financial barriers, and support long-term success and regulatory compliance.

Along with other reporting required by OCM, grantees that facilitate CanGrow loans must submit to OCM by January 15 each year:

- A detailed description of the agricultural businesses supported, including a full account of all loans made during the calendar year
- Information on the repayment rate of those loans
- A summary of the amount of any loans forgiven
- Financial details covering the source and amount of money collected, distributed, the program's assets/liabilities, and administrative expenses

Loan forgiveness

Minnesota Statutes, section 342.73 includes a provision for loan forgiveness, which intends to support farmers in overcoming barriers to entering the legal cannabis industry. It also seeks to incentivize long-term success while offering flexibility in cases where farmers face genuine hardship. Loan forgiveness may be granted to borrowers who meet the following criteria:

- **Loan repayment**: The borrower must have been current with all payments for a minimum of three years. This includes both interest and principal payments.
- **Grant program alignment**: The loan must have been issued to a farmer or farming business seeking to enter the legal cannabis industry, consistent with the goals of the program.
- **Demonstrated need for assistance**: The borrower must have demonstrated that they would not have undertaken the project without assistance from the program.

Grantee loan forgiveness internal policy requirement

As a condition of participating in the grant program, the grantee must maintain and implement an internal loan forgiveness policy that aligns with Minnesota Statutes, section 342.73 and is approved by OCM. The internal policy must include, at a minimum, procedures for:

- Assessing and verifying borrower eligibility for forgiveness based on hardship, success, or other circumstances
- Requesting approval from OCM
- Documenting and reviewing borrower requests for forgiveness consistently and transparently
- Reporting on the status of loan forgiveness requests to the state of Minnesota, as requested
- Ensuring compliance with all applicable state regulations and the goals of the grant program

Approval and review of internal policy

The grantee must submit a copy of its internal loan forgiveness policy to OCM for review and approval within sixty (60) calendar days of signing the grant agreement, or upon any subsequent material revisions to the policy. OCM reserves the right to require amendments to the grantee's internal policy if it is found to be inconsistent with the objectives of the grant program.

The grantee must ensure that all relevant staff members are adequately trained on the internal loan forgiveness policy and that it is consistently applied across all loan transactions under the program.

Upon receiving the grantee's recommendation, OCM will review the documentation and approve or deny the forgiveness request. If approved, OCM will determine the amount of forgiveness granted, which may be full or partial. OCM will notify the grantee of its decision.

Grantee rights and responsibilities

Each grantee is assigned a grants coordinator to oversee their grant agreement and serve as their primary point of contact at OCM. The grants coordinator's role is to ensure compliance with special conditions and legal requirements and review progress and financial reports to ensure that grantees receive proper reimbursements. The OCM grants coordinator serves as a resource for grantees, providing both technical and programmatic information.

What grantees can expect from OCM:

- **Dedicated support:** Each grantee is assigned an OCM grants coordinator who is familiar with the project and serves as the primary point of contact.
- **Responsive communication:** OCM grant coordinators commit to answering email or phone inquiries within five business days whenever possible.
- **Prompt payments:** Complete, accurate reimbursement requests are reviewed and paid within 30 calendar days of receipt of all required documentation.
- **Respectful, accurate information:** OCM grant coordinators will provide clear guidance that honors local decision-making and community context.
- **Proactive technical assistance:** OCM will provide an orientation, training, and site visit monitoring to help you stay compliant and achieve results.

Grantee responsibilities include:

- Read the full grant agreement, special conditions, and OCM policies before work starts.
- Attend OCM-provided orientation, training, and required monitoring visits.
- Submit accurate quarterly progress reports and any additional data requests on time.
- Notify your OCM grant coordinator in writing about changes to the workplan, timeline, budget, staffing, locations, or leadership.
- Notify your OCM grant coordinator immediately if lawsuits, discrimination complaints, or suspected fraud arise.
- Spend grant dollars only on items and activities approved in the workplan and budget, ensuring costs are reasonable, necessary, and allowable under state policy.
- Keep source documentation (receipts, invoices, payroll records, timesheets, contracts, bids, etc.) for every transaction.
- Submit one consolidated reimbursement request and financial status report (FSR) every month no later than the last day of the month after costs were incurred (e.g., September costs invoiced by October 31).
- Accept that reimbursements are made after costs are incurred and verified ("cost reimbursement" basis).
- Explain, justify, and avoid double charging any indirect costs; apply the approved indirect cost rate if one exists.
- Meet all audit requirements as required by state and federal law and provide records promptly during monitoring or audits.

Please reach out to your OCM grants coordinator whenever you have questions, encounter delays, or identify potential problems. Early communication allows OCM to help you stay on track and protects both the project and the grant funds.

Grant Administration Overview

This section provides an overview of the grant administration processes that help ensure that grantees are successful in the administration of their grant project including roles and responsibilities, receiving payment, and closing out the grant. OCM grants follow three phases in their life cycle: pre-award phase, active grant phase, and closeout phase.

MINNESOTA OFFICE OF CANNABIS MANAGEMENT

OCM Grant Life Cycle

Phase 1. Pre-Award Phase

Legislature Passes Budget

OCM Hosts TA webinars and sessions

OCM Recruits grant reviewers

OCM Releases and posts the RFP on the OCM website

OCM Circulates RFP, scoring and TA for approval

OCM Develops RFP and technical assistance (TA)

Applicants Submit applications

OCM Provides grant reviewer orientation

Grant Reviewers Review and score applications

OCM completes final application evaluations and selects finalists

Grant Finalists and OCM Complete risk assessment and financial review

Grantees Review and sign the grant agreement

OCM Reviews profiles, workplans, budgets and risk plans and finalizes the contract

Grantees Create OCM Grants Portal profile and edit their workplan and budget

OCM Notifies applicants of final award

OCM Sends list of awardees to OCM cabinet for approval

OCM Signs the contract and sends it to awardees

Grantees Review and sign the grant agreement

OCM Signs the contract and sends it to awardees

Phase 2. Active Grant Phase

Grantees Begin their projects

OCM Sends report on grant to the Legislature

OCM and Grantees Close out the grant

Phase 3. Closeout Phase

OCM Reviews reports and reimburse invoices, while conducting monitoring visits

Grantees Submit quarterly progress reports and reimbursement requests

Pre-award phase overview

CanRenew and CanGrow grants are awarded through a competitive grant process. The pre-award phase of a competitive grant process involves a series of critical activities that take place before the formal execution of a grant agreement. This phase includes engaging stakeholders, writing and posting the request for proposal (RFP), reviewing applications, conducting pre-award risk assessments, and ensuring that all necessary documentation, such as work plans and budgets, is completed. Finally, it involves the drafting and execution of the grant agreement.

Pre-award activities that take place prior to the grant agreement execution include:

- Reviewing applications and selecting finalists
- Notification to grantee finalists
- Performing pre-award risk assessments
    - Per OGM Policy 08-06, prior to execution of a grant agreement for an award of over $50,000, the OCM grants team must complete a pre-award risk assessment. This assessment analyzes the risk of noncompliance with applicable state and/or federal statutes, regulations, and award terms and conditions. The risk assessment must be completed before a grant agreement is executed and is valid for 12 months.
    - If issues are found during the grant period, a new risk assessment may be conducted to inform an increased level of monitoring. The pre-award assessment results will be documented in the grantee/applicant's file.
- Reviewing and approving work plans and budgets
- Drafting and executing grant agreement contracts

Grant finalist pre-award activities

- Register in the state accounting system (SWIFT)/review SWIFT profile.
- Consult with OCM to finalize workplan and budget.
- Grant agreement created to include:
    - Award amount
    - Grant period
    - Workplan
    - Budget
    - Risk plan
- Grant agreement signed by:
    - Grantee
    - OCM

Note: If the finalist/grantee submits inaccurate or misleading information during the pre-award process, this action may be grounds for disqualification from the grant contract agreement award and may subject an organization to suspension or debarment proceedings, as well as other remedies available to the state by law.

SWIFT registration

Grantees are required to register with the Minnesota state accounting and procurement system called Statewide Integrated Financial Tools (SWIFT). OCM's finance department processes project reimbursement and advance payments through SWIFT, which is managed by Minnesota Management and Budget (MMB).

The preferred method of payment is using an electronic funds transfer (EFT) directly into the grantee's designated bank account. Electronic transfer reimbursements provide timely payments and prevent the loss of checks.

Before a grant agreement can be executed, grantees who are not already registered must request a User ID to access the SWIFT Supplier Portal. Visit the SWIFT Vendor Resources web page and follow the instructions to navigate to the Supplier Portal and set up an account.

Grant agreement execution

A grant agreement is a legal document outlining the conditions grantees must meet to receive funding. All grantees must have a fully executed grant agreement with a start date before beginning any activities. Any grant-related costs incurred before the start date are not reimbursable.

The grant agreement contains terms and conditions, an approved work plan, and an approved budget. The grant agreement is signed by both OCM and the grantee and includes, by reference, the application for funding, any OCM program standards, work plan, and budget.

Grantees are expected to carry out the activities outlined in their approved work plan and corresponding budget. However, OCM recognizes that modifications may be necessary as the project progresses. Unsuccessful strategies should not be continued, and grantees should be encouraged to discuss any challenges or barriers with their grant coordinator.

Grant agreement elements

- Name of the grantee's authorized representative (signatory)
- Grantee's project manager, if applicable
- State's authorized representative
- Amount and source of funds
- Dates of the grant period
- Grant number
- General terms of the grant
    - Risk mitigation plan, if applicable
    - Payment terms
    - Contract and bidding requirements
    - Liability requirements
    - Intellectual property
    - Monitoring
    - Audits
    - Government data practices
    - Workers' compensation
    - Termination of the grant
    - Data disclosure
    - Lobbying restrictions
- Exhibits of the scope of work (work plan and budget)

Work plan

An approved work plan is required as an attachment to the grant agreement. The work plan must address:

- Goals and objectives
- Target population
- Number of individuals served
- Tasks to be accomplished
- Services to be provided

- Data to be collected
- Time frames
- Key collaborators
- Responsible parties
- Evaluation strategies

Budget

An approved budget is required as an attachment to the grant agreement. Reimbursement is not guaranteed for all costs outlined in the budget, but only for actual expenditures. The budget should:

- Include the basis for calculating all costs
- Include matched funds
- Align with OCM allowable costs

- Relate to project-funded activities only (not the overall organization budget)
- Correlate with the work plan activities

Grant agreement processing

1. **Register in the SWIFT system.** All grantees must register in the SWIFT system to receive grant payments and view payment history. This can be done after receiving a grant award, but a grantee's vendor profile must be approved in SWIFT before a grant agreement can be created.
2. **Pre-award risk assessment.** OCM staff will identify finalists for and complete a pre-award risk assessment to ensure compliance with state requirements. This helps determine if additional monitoring or training is needed; any risk mitigation terms should be included in the grant agreement. The pre-award assessment is valid for 12 months. Repeat grantees do not need a new assessment if one was completed within the past year. If issues are found during the grant period, a new risk assessment may be conducted to inform the grantee's monitoring plan.
3. **Final review and approval by the OCM cabinet.** A grant agreement is fully executed when all authorized signatures are obtained and the final review by OCM cabinet is complete.
4. **Document storage.** A copy of the fully executed agreement will be placed in the grantee's OCM Grants Portal file and stored in compliance with OCM's retention policies. Grantees should also retain a copy for the full required retention period.
5. **Department of Administration and Attorney General review:** Copies of all grant agreements must be produced and provided to the Minnesota Department of Administration and the Minnesota Attorney General upon request.

Grant agreement extensions

Although most funding sources and fiscal year requirements do not permit extensions to be considered, extensions to the end date of the grant period are potentially allowable. An extension to the grant period end date is a substantial change that requires an official amendment to the grant agreement with new signatures and is subject to approval from the Department of Administration.

The request must be submitted to the grant coordinator at least 40 days before the end date of the grant. The request must state the need for the extension and the additional time required. The maximum extension for any project is generally 12 months and typically only one extension is allowable.

Retroactive extensions cannot be approved; once the end date has passed, grants cannot be extended.

Active grant phase overview

Grant project activities occur during the grant's performance period. Activities include:

- Project planning.
- Project activities.
- Reimbursements.
- Submitting progress reports and ensuring activities align with the work plan and budget.
- Monitoring activities, including site visits and performing reconciliations.
- Requests for modifications and amendments.
- Program evaluation.

Grantee active grant activities

1. **Project activities:** Grantees should begin projects within 30 calendar days of the start date noted in the grant agreement. Projects with no activity within the first 90 calendar days are subject to termination.
2. **Progress reporting:** Using the templates and data collection tools provided by OCM, grantees must submit progress reports within 15 calendar days of the end of each quarter.
   - Initial progress report: An initial progress report must be submitted along with the first reimbursement request.
   - Quarterly progress report:
     - Quarter ending September 30 → due October 15
     - Quarter ending December 31 → due January 15
     - Quarter ending March 31 → due April 15
     - Final report: Ending June 30 → due July 15
3. **Reimbursement requests:** Grantees will submit reimbursement requests and financial status reports (FSR) via email to grants.ocm@state.mn.us. Payments require the grantee to have a current progress report (initial, quarterly, final). Payments will not be made to grantees with past-due reports.
   - Grant coordinators will review each request to ensure it coincides with approved budgets and work plans.
   - Approval then flows to OCM finance for processing and payment or returned for justification or ineligibility.
4. **Monitoring and site visits:** Grantees are required to participate in monitoring activities, including site visits, training/technical assistance, and financial reconciliation.

Closeout phase overview

Closeout activities take place at the end of the identified period of performance or after all grant activities have been completed. Examples include:

- Reviewing all final financial and programmatic/progress reports
- Performing a post-award audit
- Submitting final invoices for payment
- Completing the grantee evaluation
  - Grantee evaluations are posted publicly by the Minnesota Department of Administration.

Full life cycle overview

Grant staff and grantees are responsible for reporting potential fraud and waste related to state grants. Activities include:

- Understanding what entails grant fraud and waste and how to report it to OGM
- Requiring grantees to post a notice in a public area and/or on their website explaining how to report suspicion of waste or fraud related to state grants

Data privacy

Policies and statutes

- Minnesota Statutes, chapter 13: Government Data Practices
- Minnesota Statutes, section 13.599: Grants
- Minnesota Statutes, section 13.05: Duties of Responsible Authorities
- Minnesota Statutes, section 13.37: General Nonpublic Data
- OGM Policy 08-03: Writing and Publicizing Grants Notices and Requests for Proposal

Data privacy overview

Financial records and other grant files that OCM keeps may contain private and nonpublic data and are protected as such under Minnesota Statutes, chapter 13: Government Data Practices.

Private data refers to data that identifies an individual and is only available to that individual or with their consent (e.g., Social Security Numbers, documentation of an individual's low-income status).

Nonpublic data refers to data about a business or other entity that is only available to the subject of the data or with the subject's consent (e.g., bank account numbers, credit card information).

For more information on these categories and the Minnesota Data Practices Act, please refer to the Minnesota Department of Administration's Minnesota Data Practices website.

Compliance with the Minnesota Data Practices Act requires the collection and storage of data on individuals to be limited to only what is needed to administer programs authorized by law (Minnesota Statutes, section 13.05, subdivision 3). For example, if verifying low-income status is necessary for a cost-share payment, it is appropriate to collect and store evidence of that status. The Minnesota Data Practices Act requires that access to private and nonpublic data be restricted to individuals who have a legitimate need to know.

OCM will only collect data necessary to fulfill statutory requirements and program objectives. The office will avoid receiving excessive personal private data, especially that of program participants, unless mandated by law. OCM may collect private and nonpublic data to verify compliance with the terms of a grant agreement, and we may need to store data for audit purposes.

Note: State payments and grant contracts are posted publicly by Minnesota Management and Budget.

Grant fraud, waste and crisis protocol

Policies and statutes

- OGM Policy 08-05: Public Comments Concerning Fraud and Waste in State Grants
- Minnesota Statutes, section 609.456: Reporting to State Auditor and Legislative Auditor Required

Resources

- Office of Grants Management: Grants Best Practices / Minnesota.gov
- Office of the Legislative Auditor: Report Possible Misuse of Public Money or Other Resources
- Minnesota Management and Budget (MMB): Fraud Reporting Resources

Fraud, waste and crisis overview

OCM is committed to maintaining the integrity of its grantmaking practices and ensuring that public funds are used responsibly, lawfully, and in alignment with state policies. In accordance with OGM Policy 08-05 and Minnesota Statutes, section 609.456, OCM upholds strong oversight measures and accountability standards to safeguard state resources, respond effectively to potential misconduct, and protect public trust in our grant programs. OGM is the designated point of contact for reporting grant fraud and waste.

OCM staff responsibilities

OCM staff must comply with state grant management policies and relevant statutes while overseeing appropriate monitoring of all grantees. OCM staff are required to report any suspicion of grant fraud and waste to the DSE director, OGM, and/or the Office of the Legislative Auditor.

Grants coordinators are responsible for ensuring the grant programs they oversee comply with fraud and waste prevention policies. This includes:

- Conducting regular checks of grant expenditures to ensure alignment with approved budgets and policies.
- Reviewing grantee financial records as needed and ensuring proper documentation is maintained.
- Reporting any suspicious activities or discrepancies to the grants manager, DSE director, and OGM immediately.
- Participating in ongoing training to stay informed about fraud prevention best practices.

Grantee responsibilities

Grantees are entrusted with the responsible use of public funds and must adhere to state policies to prevent misuse. Grantee responsibilities include establishing and/or maintaining internal controls, fraud prevention, waste avoidance, crisis management, and posting a public notice. Failure to comply with these requirements may result in suspension or termination of the grant agreement.

Fraud prevention

Grantees must ensure that grant funds are used solely for their intended purposes. Examples of fraudulent activities include:

- Submitting false information or documentation, such as fabricated attendance rosters and invoices
- Using grant funds for unauthorized personal expenses of program staff, such as personal credit card payments, mortgages, cars, or clothing/personal items
- Inflating labor costs or hours charged to the grant, such as submitting falsified payroll reports, overstating hours worked, or inflating salaries beyond market norms

Waste avoidance

Grantees should implement effective management controls to prevent waste, which includes unnecessary or inefficient use of grant resources. Examples of waste include:

- Overpayments or improper grant disbursements, such as reimbursing ineligible parties, duplicate payments, or unverified expenses
- Lack of oversight in the payment process, meaning insufficient controls such as no third-party review, missing bank-account verification, or failure to reconcile expenditures
- Projects and programs that consistently do not meet performance standards and have poor results, missed targets, or lack of measurable outcomes

Organization/program crisis

Grantees may experience a crisis that impacts their capacity to carry out program activities effectively or erodes public trust. Examples of such crises may include:

- Legal action or formal complaints against the grantee by program participants or stakeholders.
- Physical, mental, or financial harm caused to program participants during the course of and/or as a result of grant project activities.
- Significant public scrutiny or public complaints from community members.

As a reminder, if a crisis arises that may impact project activities, public perception, and/or organization health, grantees must:

- Immediately notify their grants coordinator and provide detailed information within three business days
- Cooperate fully with any investigations

Public notice

Grantees are required to post a notice in a public space and/or on their public-facing website that includes information about how to report suspected misuse of grant funds. Additionally, grantees are required to post on the grantee's website the names of, and contact information for, the organization's leadership and the employee or other person who directly manages and oversees the grant for the grantee.

If needed, OCM will assist grantees with language or provide a printable or preprinted notice for this purpose. The public notice includes the following contact information for reporting fraud:

- Office of Cannabis Management contact information:
  - OCM ombudsperson, complaints@ocm.state.mn.us
- Minnesota Office of the Legislative Auditor contact information:
  - Reporting wrongdoing web page with online reporting form
  - Phone number: 651-296-4708
- Office of Grants Management contact information:
  - Office of Grants Management, grants.adm@state.mn.us
  - Phone number: 651-201-2569

Complaints of discrimination and harassment protocol

OCM and its grantees are dedicated to providing an inclusive environment. Discrimination or harassment based on race, color, national origin, age, religion, disability, sex, and relevant categories set forth in applicable laws is strictly prohibited.

OCM will not tolerate reprisal or retaliation against any person who makes a complaint or participates in an investigation into allegations of discrimination or discriminatory/sexual harassment. Violations may lead to corrective actions, including termination of employment or grant benefits. False complaints made with malicious intent are also subject to action.

Definitions

- **Discrimination:** Discrimination occurs when an individual or group is treated unfairly or differently from others because of their membership or perceived membership in a protected class. This includes discrimination in employment decisions and the provision of services.
- **Discriminatory harassment:** Discriminatory harassment is any inappropriate behavior based on a protected class characteristic. Discriminatory harassment may include, but is not limited to: repeated disparaging, belittling, derogatory comments, slurs, or jokes; and/or displaying objects, cartoons, or pictures of a derogatory or discriminatory nature.
- **Sexual harassment:** Sexual harassment is defined as unwelcome sexual advances, unwelcome requests for sexual favors, or other unwelcome verbal, writer, or physical conduct or communication of a sexual nature.
- **Protected class:** Protected class status defined under Federal law include an individual's race, color, creed, religion, national origin, sex, sexual orientation, gender identity, marital status, public assistance status, familial status, age, disability, sexual orientation, gender identity, or membership or activity in a local commission.
- **Retaliation/reprisal:** Retaliation or reprisal may include, but is not limited to, any form of retribution, intimidation, or harassment directed toward a complaining party because the individual has filed a complaint under this policy or an individual who participates in an investigation into such allegations.

Complaint roles and responsibilities

OCM employees and grantees

All OCM employees and grant recipient staff are responsible for their own personal conduct in a manner consistent with the spirit and intent of this policy. Individuals must refrain from engaging in discriminatory or harmful conduct in the workplace or during the provision of services.

OCM employees will provide appropriate information and assistance to any person who wants to file a complaint of discrimination or harassment. Such assistance may include referring the individual to a supervisor, referring the individual to an OCM cabinet member or providing a complaint form.

Ombudsperson/DSE director

After receiving an allegation of discrimination or discriminatory/sexual harassment or inappropriate behavior, OCM's DSE director and ombudsperson will determine appropriate action. If an investigation is necessary, reasonable efforts will be made to maintain confidentiality as much as is practical, on a need-to-know basis.

How to file a complaint

Any individual may file a complaint of discrimination, generally within 180 days of the date of the incident. Individuals are encouraged to use the following procedure but may also pursue information and remedies available through the Equal Employment Opportunity Commission, the Minnesota Department of Human Rights, or the courts. Individuals are advised to check with these agencies to determine the existence of time limitations for filing complaints.

Grantee program participants may file their concerns and complaints in writing using any format. Oral or email complaints will be accepted and processed.

Complaints may be filed directly with the OCM ombudsperson and/or OCM director, or anyone in a supervisory or management position at OCM. The complaint does not need to be made through the OCM employee's or subrecipient grantee's chain of command. Complaints may be sent to: OCM ombudsperson, complaints@ocm.state.mn.us, OCM DSE director, and/or OCM cabinet.

OCM staff who receive a concern or complaint involving allegations of discrimination or discriminatory/sexual harassment will immediately notify the OCM director and/or ombudsperson.

Acknowledgement will be provided to complainants within 3 business day of receipt of the complaint.

The ombudsperson and director will direct and review any investigation brought under this policy. Whenever possible, the investigation will be completed within 60 days.

The ombudsperson and director will make every effort inform the complainant when the investigation is concluded.

Active Grant Phase

Partnering for success

OCM is here to support grantees throughout the life of a project. Our goal is to help grant projects thrive, ensure funds are used appropriately, and tackle challenges right away. This collaborative approach ensures:

- Proper use of funds
- Transparency and open communication
- Early detection of issues
- Stronger programs and increased future funding credibility

Tailored support based on grantee needs

Every grantee is unique. OCM focuses on two areas of consideration when determining what level of support and monitoring is required:

1. **Risk assessment** — We review grant finalists' financial history, audit results, reporting track record, project size, and project complexity.
2. **Capacity assessment** — We evaluate grant finalists' experience with state grants, staffing and board structure, and overall readiness to manage grant requirements.

Monitoring activities overview

Activity	New or high-risk grantee	Low-risk grantee	Continuation/multi-year grantee
Grant management training and orientation	Incorporating actions and results from pre-award risk assessment. OCM may choose to schedule an earlier site visit to discuss actions and results from the pre-award risk assessment, providing an in-person introduction.	Incorporating actions and results from pre-award risk assessment. OCM may choose to schedule an earlier site visit to discuss actions and results from the pre-award risk assessment, providing an in-person introduction.	As needed (new staff, new policies, etc.).
Preapprovals required	Line-item budget changes greater than 10%, work plan/project period changes, and out-of-state travel.	Line-item budget changes greater than 10%, work plan/project period changes, and out-of-state travel.	Line-item budget changes greater than 10%, work plan/project period changes, and out-of-state travel.
Reimbursement request review	Source documentation with all reimbursement requests **may be** required for high-risk grantees.	All grantee reimbursement requests are reviewed to confirm that expenses are within budget and correlate to activities underway. Progress reports must be submitted with all initial reimbursement requests. Source and bidding documentation must be provided upon request during desk reviews and for large purchases.	All grantee reimbursement requests are reviewed to confirm that expenses are within budget and correlate to activities underway. Progress reports must be submitted with all initial reimbursement requests. Source and bidding documentation must be provided upon request during desk reviews and for large purchases.

Activity	New or high-risk grantee	Low-risk grantee	Continuation/multi-year grantee
Report review	Quarterly or annually, based on grant type, appropriation requirements, etc. Align with the grant monitoring schedule. Progress report submitted with all initial reimbursement requests.	Quarterly or annually, based on grant type, appropriation requirements, etc. Align with the grant monitoring schedule. Progress report submitted with all initial reimbursement requests.	Quarterly or annually, based on grant type, appropriation requirements, etc. Align with the grant monitoring schedule. Progress report submitted with all initial reimbursement requests.
Financial reconciliation	Source documentation should be reconciled for one grantee reimbursement within the first six months of the grant to identify any potential questions or practices that the grantee needs to adjust. The minimum requirement is to complete before the final grant payment.	Source documentation should be reconciled for one grantee reimbursement within the first six months of the grant to identify any potential questions or practices that the grantee needs to adjust. The minimum requirement is to complete before the final grant payment.	Source documentation should be reconciled for one grantee reimbursement within the first six months of the grant to identify any potential questions or practices that the grantee needs to adjust. The minimum requirement is to complete before the final grant payment.
Comprehensive monitoring site visit and report (preferably in person)	Site visit should occur within the first six months of the grant. The minimum requirement is to complete the visit before the final grant payment.	The best practice is to complete a site visit within the first nine to 12 months of the grant. The minimum requirement is to visit before the final grant payment. Frequency based on grant amount and pre-award risk assessment: •*$250,000 and above:* At least once annually (based on pre-award risk assessment) •*$50,000–$249,999:* At least once within the grant period (based on pre-award risk assessment)	The best practice is to complete a site visit within the first nine to 12 months of the grant. The minimum requirement is to visit before the final grant payment. Frequency based on grant amount and pre-award risk assessment: •*$250,000 and above:* At least once annually (based on pre-award risk assessment) •*$50,000–$249,999:* At least once within the grant period (based on pre-award risk assessment)

Quarterly and annual reporting

The grantee's work plan, also referred to as a scope of work, is a written project or program management tool that identifies the desired project or program activities, timelines, and outcomes. It serves as the road map throughout the lifetime of the grant project and is the basis for reporting. All reporting on activities, expenditures, and outcomes should be tied to a current approved work plan. A report template, based on your workplan, will be provided to you by OCM.

Data collection requirements are generally outlined in the RFP and will depend on the purpose of the grant and any related statutory requirements, e.g., a technical assistance program may be required to report on the number of licenses obtained and the progress of technical assistance program participants along a continuum of readiness.

Grantees are welcome to provide updates at any time that highlight a grant project's achievements. Items such as media coverage, accolades, survey findings, and endorsement letters will help OCM's grant coordinator and grant manager recognize your project's impact and enhance reporting to the Legislature and stakeholders.

Beginning grant activities

Grant activities and related expenditures may not begin until the start date of the grant as stated in the grant agreement. Expenses incurred before the start date of the grant cannot be reimbursed. Once the grant agreement is fully executed, activities may begin on the start date noted in the grant agreement.

Delay in grant activities

If the grant activities do not begin within 30 calendar days of the start date of the grant agreement, an explanation for the delay and the expected start date must be submitted in writing to the grants coordinator.

Grants with no activity occurring within 90 calendar days of the start date may be terminated.

Reporting schedule

Initial report

- Grantees must submit a progress report with their first reimbursement request. They are permitted to submit a reimbursement request as soon as two weeks from the start of the grant date.
- Subsequent and/or final progress reports are due no later than 15 days from the end of each following quarter.

Quarterly reports

- Grantees must submit quarterly progress reports via email to grants.ocm@state.mn.us within **15 calendar days of the end of each quarter** (July 15, Oct. 15, Jan. 15, April 15).

Final report

- A final report is due within 15 calendar days of when the project is finished and closed out.

Past-due reports

- Per OGM Policy 08-09, payments will not be made to grantees with past-due progress reports unless OCM has given a written extension via email. Approvals will be determined on a case-by-case basis.

Submitting a report

OCM will provide a template and instructions for reporting. Submit your report via email to grants.ocm@state.mn.us by 11:59 p.m. CT on the required due date.

Grant payments

Policies and statutes

- [OGM Policy 08-08: Grant Payments](#)
- [OGM Policy 08-09: Grant Progress Reports](#)
- [OGM Policy 08-10: Grant Monitoring](#)
- [Minnesota Statutes, section 16B.98: Grants Management Process](#)
- [Minnesota Statutes, section 16A.124: Prompt Payment of State Agency Bills Required](#)

Types of payment requests

There are two types of payment requests:

1. Reimbursement payment requests
2. Advance payment requests

Per OGM Policy 08-08, reimbursement is OCM's preferred method for making grant payments.

Compliance requirements

OGM Policy 08-09: Grant Progress Reports encourages state agencies to monitor progress on state grants through the written progress report requirement. **Grant payments will not be made on grants with past due progress reports unless OCM has given the grantee a written extension via email.**

Grantee requests for reimbursement must correspond to the line items in the approved grant budget (i.e. personnel costs, indirect costs, equipment costs). The grant coordinator will review each request for reimbursement against the approved grant budget, grant expenditures to date and the latest grant progress report before approving payment.

Payment schedule

Minnesota Statutes, section 16A.124 requires that grantees be reimbursed within 30 calendar days of the granting agency receiving the complete reimbursement request and when the state determines that the grantee has satisfactorily fulfilled all the terms of their grant agreement, unless otherwise excluded by the state in writing. The 30-day timeframe begins when a full reimbursement request is received by the granting agency. If there is documentation missing from the reimbursement request, the 30-day clock does not start until the documentation is submitted.

OCM does have the authority to deny invoices submitted more than 30 days after the agreed-upon submission deadline.

Grantee financial record retention

Minnesota Statutes, section 16B.98 requires that grantees maintain records pertaining to the grant, such as reimbursement requests, reimbursement documentation, project agreements, and correspondence. Grant records are required for monitoring and audit purposes and must be readily available for review. **All records related to a grant must be retained for a minimum of six years following the end of the grant agreement.**

Initial reimbursement requests

OCM requires all grantees to report their progress along with their first reimbursement request and financial status report. Grantees are permitted to submit their initial reimbursement request and progress report as soon as two weeks from the start of the grant date. However, initial reimbursements will not be processed without a completed progress report. All subsequent or final progress reports are due no later than 15 calendar days from the end of each following quarter.

No expenditures in 30 days

When no expenditures are incurred in 30 calendar days, grantees must submit a reimbursement request with $0.00 listed along with an explanation for the delay and the expected start date.

No expenditures in 90 days

Grants with no expenditures or project activity occurring within 90 calendar days of the start date may be terminated.

Advance payments

Per OGM Policy 08-08 on Grant Payments, advance payments on grants may be allowed in limited situations. Only approved grantees who have included advance payments as part of their grant agreement may submit advance payment requests. OCM will provide instructions and requirements for advance payments to grantees upon request.

Reimbursement request submissions

Grantees who are awarded funding need to submit invoices and financial status reports (FSRs) to request reimbursement. Reimbursements should be submitted as a compilation of expenses from a given period. 30 calendar days is the most common given period, but reimbursement requests will be accepted every two calendar weeks. Financial reporting and requests for reimbursement are done via email to grants.ocm@state.mn.us.

How to use the invoice and financial status report (FSR)

OCM will provide an invoice and financial status report (FSR) form for grantees to use to request reimbursement for approved grant-related expenses. This form helps document actual expenses by budget category and tracks how much of your grant funds have been spent.

Invoice section

Fill in your organization and grant information at the top of the invoice, including your SWIFT Vendor ID and grant program name. Enter expenses by category (e.g., salaries/fringe, equipment, supplies). Include details for **Other** expenses if used.

A grantee official with payment authority must sign and date the certification section.

FSR section

Use this section to track grant spending over time. Enter your original budget, how much was previously invoiced, the amount of the current reimbursement request, and the remaining balance for each budget category.

Supporting documentation

Unless directed by your grant coordinator, grantees are not required to provide receipts, also known as source documentation, with every reimbursement request. Source documentation must be kept on file by the grantee's organization for at least six years and produced upon request during the required financial reconciliation or audits. Source documentation may include:

- Timesheets and payroll records
- Paid invoices or receipts
- Cleared checks or bank statements
- Travel logs, receipts for lodging, meals, or mileage
- Subcontractor agreements and procurement records

Submitting requests

A complete reimbursement request may be emailed to grants.ocm@state.mn.us. A complete reimbursement request includes:

- Completed invoice and FSR
- Any supporting documentation requested by OCM

Incomplete requests for reimbursement may be delayed. If you have questions, contact your grants coordinator or email grants.ocm@state.mn.us.

Allowable grant expenses

Allowable expenses are those that are necessary, reasonable, and essential for the administration and operation of a program. **These expenses must align with the approved budget and be directly related to the objectives of the grant.** Any costs that are expressly unallowable or not included in the approved budget should be excluded from reimbursement requests.

Types of expenses

- **Direct expenses:** These are costs directly tied to the execution of a specific program. For example, if a grant is provided for a youth development program, expenses such as salaries for program staff, materials for activities, and travel for program events are considered direct expenses.
- **Indirect expenses:** These costs benefit multiple areas and programs within the organization and cannot be directly attributed to any single project. They are essential for the overall health and functioning of the organization and are often referred to as overhead or management costs. Examples include general administration, facility costs, and utilities.
- **Shared costs:** These costs benefit multiple programs and should be prorated across all relevant programs. For example, if office supplies are used for several projects, the cost should be divided based on each program's usage.

Examples:

- **Direct expense example:**
  If the project budget includes $900/month for rental space for project staff, but the actual charge is $873, only the actual expense ($873) can be charged to the grant.
- **Indirect expense example:**
  Utility bills for the organization's office, which supports multiple programs, should be allocated proportionally to each program based on its usage.

Commonly allowable expenses

- Personnel and fringe benefits
  - Salaries and benefits for personnel working directly on the grant-funded program
    - Accruals for future fringe benefits (e.g., health insurance) are unallowable.
- Equipment
  - Includes durable items with a lifespan of over one year
    - Examples: Computers, software, furniture for direct services, medical equipment, vehicles for client transport (requires preapproval)
  - See "Equipment guidelines" below for more details.

- Travel and per diem
    - Only in-state (Minnesota) travel included as part of the grantee's approved budget is permitted; out-of-state travel requires prior written approval from OCM.
    - Grantee staff may be reimbursed for travel expenses while traveling for grant-related activities, trainings or meetings (including mileage, parking fees, meals, and hotel accommodations) in the amounts actually incurred and in accordance with the Commissioner's Plan.
    - Mileage: Grantees may be reimbursed for the use of personal or company automobile mileage at the current federal IRS rate for travel related to grant activities. Check the IRS Standard mileage rates, as they are subject to change. In addition to mileage, actual parking fees may be reimbursed.
        - Hotel: Grantees may be reimbursed for hotel and motel accommodations if they are necessary for the performance of grant activities and are reasonable and consistent with the facilities available. Grantees must exercise good judgment in incurring lodging costs.
        - Meals: Grantees may be reimbursed for meals, including tax and a reasonable gratuity, according to the Commissioner's Plan or the actual expense, whichever is less. Meals are only an allowable expense when incurred during travel status for approved grant activities. Alcohol purchases will not be reimbursed.
- Training/meetings/conferences
    - Expenses to conduct or host trainings, meetings, or conferences
    - Includes resource materials (books, printing, CDs, DVDs), rental space, food, and beverages
    - Staff providing direct services may use funds for conference registration with prior approval.
- Supplies
    - Supplies include consumable items necessary for the grant project. Examples: Outreach supplies, office supplies, printing, duplication, publication, food/beverage (for program participants only).
- Contractual
    - Space rental and operational costs
    - Costs for nonroutine services provided under contract occurring less than three times a year
        - Examples: Trainers, evaluators, childcare, interpreters, website development, and marketing campaigns
    - Must follow competitive procurement practices
        - Check out "Contracting and bidding requirements" below for more details.
- Administrative costs
    - Capped at 10% of the grant
    - Covers activities directly related to managing the award, such as financial management, reporting, and monitoring
        - Examples: Grants management training for administrative staff, equipment and supplies for administrative purposes, travel for administrative staff to attend relevant conferences or training, contractual services supporting administrative activities, and accounting costs related to the grant
- Other
    - Miscellaneous expenses supporting participants
        - Examples: Legal fees or protective orders, medical expenses, transportation, rent/mortgage/security deposits
        - Refer to "Direct program participant assistance administration guidelines" below for more details.

Direct program participant assistance (DPA) guidelines

Grantees who have budgeted funds for financial assistance provided directly to program participants are required to follow specific guidelines and incorporate these activities and expenses in their approved work plan and budget. They must also have a written internal policy in place to assist grantee agency staff in appropriately administering and requesting grant reimbursement of DPA funds. All transactions require a minimum of two grantee agency staff signatures.

Allowable DPA expenses

Outlined in the grantee's approved work plan, allowable direct program participant assistance expenses may include:

- Vendor cards (gift cards or pre-paid Visa/Mastercard/etc. cards)
  - *Important*: Vendor card purchase expenses can only be reimbursed by OCM **after** distribution to participants.
- Rent/mortgage payments directly to owner/bank
- Basic needs e.g. bedding, winter gear, groceries
- Internet/utility payments directly to company, etc.
- Gas, bus, or taxi expenses

DPA expense limits

Expense limits are determined at the discretion of the grantee but must adhere to the approved work plan and budget.

DPA expense approval and documentation

Approval of DPA expenses must be documented using an internal expense authorization form. This form can be in any format, but must include:

1. The date, client ID (not the participant's name or initials)
2. Description of the items or services needed
3. Brief description of the reason the assistance is needed
4. Payment type
5. A minimum of two agency staff signatures (e.g., the requestor and authorizer)

All DPA expenses must have supporting documentation. Common documentation may include:

- A copy of a rental lease
- Eviction or rent due notice from a landlord
- Utilities bill/disconnection notice
- A store receipt

Reminder: Documents that contain personally identifiable information must be redacted if the document is requested for review by an audit or financial desk review.

DPA general guidelines

- Grantees must not share any personally identifiable information through the DPA distribution process without having a release of information signed by the program participant, e.g., before mailing a check to the vendor or making an online payment, the organization must ensure the program participant has signed a release of information that clearly states they have given the grantee organization permission to do so on their behalf.
- Check and credit payments should be made directly to the vendor. Cash payments to vendors should be avoided.
- Check or cash payments directly to a program participant should be avoided, except in rare situations. If allowed per a grantee's work plan and their internal polices, sufficient source documentation is required when payment to a participant is the only way to assist. This may include a vendor invoice, proof of payment, or a signed statement from the participant.
  - Reminder: Supporting documents containing personally identifiable information must be redacted if the document is requested for review.
- Only in emergency situations should grantee agency staff pay for DPA expenses using staff personal funds. If this is unavoidable, staff must fill out and submit an expense reimbursement form along with an itemized receipt and any other relevant documentation related to the expense.

DPA reporting

DPA expenses should be reported at least quarterly during the grant period using the same accounting method (cash or accrual) as all other agency expenses. Remember: Vendor cards can only be claimed for reimbursement *after* they are distributed to participants, not when purchased.

Contracting, purchasing, and bidding requirements

All purchases must be part of an approved grant budget and must be carried out, to the maximum extent practical, with open and free competition. Noncompetitive or other practices that could be interpreted to be a conflict of interest must be avoided. Grantees must maintain records detailing the procurement.

Nongovernmental organizations and for-profit businesses

- Purchasing thresholds and requirements
  - **$100,000 or more:** Any services and/or materials that are expected to cost $100,000 or more must undergo a formal notice and bidding process.
  - **$25,000-99,999:** Services and/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.
  - **$10,000-24,999:** Services and/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.

- Targeted vendor inclusion
  - Grantees must actively seek to include businesses certified through the following programs:
    - State Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List.
    - Metropolitan Council Underutilized Business Program (MCUB): Metropolitan Council Underutilized Business Program.
    - Small Business Certification Program through Hennepin County, Ramsey County, and City of St. Paul: Central Certification Directory.
- Conflict of interest and documentation
  - Grantees must maintain written standards of conduct covering conflicts of interest and governing the actions of their employees engaged in the selection, award and administration of contracts.
  - Grantees must maintain support documentation of the purchasing or bidding process used to contract services in their financial records, including support documentation justifying a single/sole source bid, if applicable.
- Exceptions to bidding requirements
  - The state may waive bidding process requirements when:
    - Vendors were approved through a competitive grant request for proposal process and included in the approved work plan.
    - It is determined that there's only one legitimate or practical source for the materials or services, and the grantee has established a fair and reasonable price.
- Prohibited vendors
  - The grantee must not contract with vendors who are suspended or debarred in Minnesota.

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.
- Support documentation of the purchasing and/or bidding process utilized to contract services in their financial records, including support documentation of verbal quotes or bids and justifying a single/sole source bid, if applicable.

Municipalities

Grantees that are municipalities must follow:

- The contracting and bidding requirements in the Uniform Municipal Contracting Law, as defined in Minnesota Statutes, section 471.345
- Must not contract with vendors who are suspended or debarred in Minnesota

Equipment guidelines

Grantees are required to be prudent in the purchase and management of equipment. Purchase of new equipment will be considered an unnecessary expenditure when suitable equipment is already available.

Grantees purchasing equipment with grant funds must maintain systems for the effective management of the equipment. Equipment is defined as nonconsumable tangible personal property (including information technology systems) having a useful life of more than one year.

The allowability of equipment costs varies by grant requirements and must be reflected in the grantee's budget. In reviewing equipment budgets and requests, the following principles apply:

- The equipment is essential to the operation of the project, and the cost is reasonable.
- No other equipment owned by the grantee is suitable for or available to the effort.
- Funds cannot be used as reimbursement for the purchase of equipment already owned by the grantee.
- Equipment purchased and used commonly for two or more programs will be appropriately prorated to each activity.

OCM will use the following standards for all equipment purchased with grant funds:

- The title to equipment purchased under a grant belongs to the grantee.
- The equipment must be used in the program for which it was acquired as long as needed.
- When it is no longer needed for the original program, it may be used in other activities currently or previously supported by grant funds.
- When acquiring replacement equipment, the original equipment may be used as a trade-in or may be sold with the proceeds used for the replacement equipment.

Care of equipment

Grantees are responsible for replacing or repairing property that is lost, stolen, damaged or destroyed. Any loss, damage or theft of equipment must be investigated, fully documented and made part of the official grant contract records. Stolen property must be reported promptly to the appropriate law enforcement agency and a copy of the report must be retained in the program files.

Equipment inventory

Grantees are expected maintain the following types of documentation for equipment purchased with grant funds. Copies of equipment documentation can be requested as part of an audit.

- Copies of the purchase order(s) and invoice(s)
- A current inventory system that includes the following items:
    o Description of property
    o Manufacturer's name, model and serial number
    o Acquisition date, cost, and vendor name
    o Amount and source of grant funds used for purchase
    o Inventory control number
    o Location of property
    o Date of disposal or sale (and price)

Note: A physical inventory must be taken at least every two years. It is recommended that all equipment be permanently marked showing ownership.

Unallowable expenses

- Sales tax
    - OCM does not reimburse sales taxes that would otherwise be exempt. Nonprofits qualify for a sales tax exemption if approved for Nonprofit Exempt Status and are responsible for providing a Certificate of Exemption to vendors.
- Research/studies
    - Expenses for conducting research or studies are not reimbursable.
- Board member expenses (excluding training)
    - Costs like travel, lodging, incentives, or other board-related expenses cannot be reimbursed.
- Lobbying
    - Lobbying, defined as any effort to influence legislation—through direct contact with lawmakers or mobilizing the public—often involves costs such as staff time, overhead, travel/meals, printing/mailings, consultant/lobbyist fees, and events, and is not reimbursable.
- Alcohol, cannabis
    - Costs for alcohol or cannabis products are not reimbursable.
- Corporate formation
    - Corporate formation expenses are not reimbursable.
- Land acquisition
    - Grantee land acquisition costs are not reimbursable.
- Mortgage principal payments
    - Paying down the mortgage principal for the grantee organization or agency is not allowed.
- Fundraising staff time/expenses
    - Staff time or expenses related to fundraising are not reimbursable.
- Capital expenses
    - Major capital expenses, such as building purchases, are not allowed.
- Bonuses/incentives/gifts to staff
    - Extra payments or gifts—including bonuses or incentives—are not reimbursable.
- Monthly subscriptions
    - Subscriptions not essential to participant services are not allowed.
- Staff relocation fees
    - Relocation costs for staff are not reimbursable.
- Out-of-state travel
    - Out-of-state travel is generally not reimbursable, unless justified by necessary out-of-state professional development unavailable in-state (subject to case-by-case approval).
- Negative PTO
    - Unearned or advanced paid leave (negative PTO) is not reimbursable.
- Audits
    - Although current audits are required under Minnesota Statutes, section 309.53 (triggered when revenue exceeds $750,000), OCM grant funds may not be used to pay audit costs.
- Pre-award expenses
    - Any expenses incurred before grant agreement execution are not reimbursable.

Acceptable source documentation

Grantees are responsible for keeping documentation to support all grant expenditures. Minnesota Statutes section 16B.98, subdivision 8, requires that grantees must maintain the payroll books, payroll records, documents, accounting procedures and practices of the grant and make them available to the state for six years from the end of the grant agreement, receipt and approval of all final reports, or the required period to satisfy all state and program retention requirements, whichever is later. Grantees may receive requests for this information, which must be submitted to OCM upon request.

- Personnel
  - All relevant documentation—timesheets, paystubs, payroll reports—must show gross wages and tax/benefit deductions. Private information such as SSNs or non-grant staff names should be redacted.
  - Deliverables must be listed on timesheets or tracking logs when staff are paid from multiple funding sources.
- Payroll taxes and fringe
  - Benefit invoices or statements must show employer cost per employee (unless the paystub already includes all employer-paid fringe, in which case, separate invoices aren't needed).
  - Proof of payment must be retained (check stub, bank statement, or general ledger).
- State and federal tax payments
  - Acceptable documentation includes:
    - A bank statement showing the tax payments.
    - Payment confirmation from the tax website and a matching bank statement.
- Contract and consultants
  - Retain copies of the fully executed contracts.
  - Detailed invoices must list dates of service, hours, and tasks performed.
  - Invoices/receipts must have written approval, specify amounts charged to each funding source, and include payment date/method.
  - Proof of payment is required (check stub, bank statement, or general ledger).
- Office/program expenses
  - Invoices/receipts must show vendor info, date, items purchased, and total amount; include written approval, funding source breakdown, and payment details.
  - For participant group food, retain copies of group meeting schedules or flyers to match receipt dates.
  - Proof of payment is required.
- Other expenses
  - Invoices/receipts must include written approval, funding source breakdown, and payment details.
  - Proof of payment is required.
  - Include distribution logs for gift cards, bus tokens, etc.
  - Approved direct client assistance request forms are required.
- Miscellaneous
  - Nongovernment entities must show proof that a check has cleared (bank statement or transaction screenshot/report).
  - Credit card or third-party payments require the card/service statement listing purchases **and** the bank statement showing payment to that card/service.
  - Cashier's check or money order payments must be documented with a check stub, receipt (with payee), or a copy of the check/money order.

Site visits

[Minnesota Statutes, section 16B.97](#) and [Policy 08-10 Grant Monitoring](#) requires that at least one site visit take place before final grant payment is made for grant awards over $50,000. OCM reserves the right to request monitoring visits of all grantees, regardless of funding amounts. Site visits generally last between one to two hours.

Mode

Site visits may be conducted by phone, video call, or in person. OCM will prioritize in-person site visits whenever possible.

Scheduling

The site visit appointment will be scheduled in cooperation with the grantee. All required monitoring and reporting must be completed before the grant may be closed out and final payment made.

Monitoring visit topics

OCM staff will meet with the grantee's team to discuss topics including progress toward grant goals, grant budget updates and financial issues, internal financial controls, training/technical assistance needs, and successes and challenges with carrying out grant-related activities. Grantees will be provided with an agenda and worksheet in advance.

Financial reconciliation

Policies and statutes

- [OGM Policy 08-08: Grant Payments](#)
- [OGM Policy 08-10: Grant Monitoring](#)
- [Minnesota Statutes, section 16B.98: Grants Management Process](#)
- [Minnesota Statutes, section 16A.124: Prompt Payment of State Agency Bills Required](#)

A financial reconciliation is the process of matching a grantee's reimbursement request for a defined period with its supporting documentation, e.g., purchase orders, receipts, payroll records. A defined period is typically 30 days or one quarter. If any issues are noted, such as expenses that are misaligned with the approved budget or missing documentation, the grantee must work with OCM to address these issues. For serious problems, the grantee may need to enter a financial monitoring plan or repay funds.

For grants over $50,000, at least one financial reconciliation must be done before releasing the final payment, but most will take place at the end of the first or second quarters of the grant period.

The primary goal of a financial reconciliation is to confirm that the reimbursement requests align with documented, allowable expenses during that time. A financial reconciliation is not an audit. An audit evaluates internal controls and overall financial systems, while a financial reconciliation is a targeted review. Typically, grantees are given up to eight weeks to complete the reconciliation.

Activities taking place during the process include:

- Verify costs occurred: Grant coordinators will request and review documentation such as purchase orders, receipts, and payroll records to confirm that the expenses occurred.
- Verify payment was made: Grant coordinators will review documentation such as cancelled checks, bank statements, credit card statements, or cash receipts to confirm payment was made.
- Ensure costs are allowable: Grant coordinators will review the grantee's approved budget and compare it to expenses to ensure all expenditures are allowable, appropriate, and in compliance with the terms of the grant contract agreement.

Reconciliation of unallowable expenses

If unallowable expenses are identified through a financial reconciliation/desk review, audit finding, or self-disclosure, these expenses must be reconciled on the next reimbursement request, provided the grant is still active and the funds have not expired. *If the funds have expired or the grant is closed, repayment via check to OCM is required.*

Steps for reconciling unallowable expenses

1. **Initiate the reconciliation:** Begin the reconciliation process on the selected reimbursement request(s) for the state-funded grant.
2. **Negative entries:** Make a negative entry on the line items for each unallowable expense. The description should indicate that the entry is due to a finding and include the time period being reconciled.
3. **Positive entries:** Record a corresponding positive entry for the same amount to reallocate the state funds to allowable expenses in the current reporting period. No new payment will be made; these are reallocated funds.
4. **Summary explanation:** Provide a clear summary. This includes the reason for the negative entry and a description of which line items are affected by the reconciliation.
5. **Update documentation:** Grantees must update their tracking and documentation to reflect the reconciliation of state funds, ensuring that the records are consistent with the adjustments made on the next reimbursement request.

Example:

If a grantee mistakenly spent $2,000 on unallowable office and program expenses and the funds were from a state grant:

- The grantee will make a negative entry on the FSR for $2,000, indicating that the expense was unallowable.
- A positive entry for $2,000 will be made to reallocate those funds to a different, allowable expense (within the same state funding) for the current period.
- No new payments will be made. The funds are simply adjusted between different budget line items, reallocating them to allowable expenses.

Additional requirements:

- Grantees should not request additional funds to cover the unallowable expenses. All adjustments are made using existing state funds already allocated to the grant.

Proper documentation and clear communication in the FSR summary are crucial for ensuring that the reconciliation is transparent and complies with OCM's requirements.

Grant noncompliance

Policies and statutes

- [OGM Policy 08-06: Pre-Award Risk Assessment](#)
- [OGM Policy 08-08: Grant Payments](#)
- [OGM Policy 08-09: Grant Progress Reports](#)
- [OGM Policy 08-10: Grant Monitoring](#)
- [OGM Policy 08-13: Grant Closeout Evaluation](#)
- OCM grant agreement terms and conditions

Additional resources

- [OGM Grants Management Policies, Statutes, and Forms](#)
- [OGM Grants Best Practices](#)

Overview

Noncompliance occurs when a grantee fails to follow laws, grant agreements, or applicable policies. Most compliance issues arise from miscommunication, documentation/paperwork errors, or evolving program capacity, and can often be resolved through technical assistance, increased monitoring, or corrective planning. Most incidents of noncompliance may be resolved without a formal corrective action plan. If a corrective action plan must be considered or implemented, the primary goal will always be to build a relationship with the grantee and bring them back into compliance.

In cases of significant or repeated issues, OCM has the authority to withhold or recover funds, delay future awards, or terminate a grant agreement. Grants coordinators may complete a new risk assessment to document changes in risk level and use it as a reference for increased support and oversight for grantees.

Risk and monitoring response

If serious issues arise, the grants coordinator may complete a new risk assessment to evaluate any change in risk level and determine whether increased monitoring is needed.

Indicators for increased monitoring:

- New or inexperienced grantee
- Inadequate internal controls
- Untimely or missing financial or program reports
- High rate of staff turnover
- Expenditures in unauthorized budget categories
- Spending too rapidly or too slowly
- Performance concerns or past issues
- Inconsistencies between project reporting and reimbursement requests
- Program delays or unresponsiveness
- Allegations of misuse of funds
- Findings from audits or desk reviews

Increased monitoring may include:

- More frequent site visits
- Additional documentation requirements
  (e.g., source documents with each reimbursement request)
- Meetings with board members or executive staff
- Temporary payment holds

Termination of grant agreements

Per state policy and standard grant terms, OCM may terminate a grant agreement if:

- The grantee materially breaches the agreement.
- Program funds are no longer available.
- No grant-related activities have taken place or reimbursement requests made for at least 90 days.
- The parties mutually agree to end the agreement.
- The grantee commits fraud, fails to comply with applicable laws, or misuses funds.
- A conflict of interest is discovered or unresolved.
- The grantee experiences major organizational changes (e.g., dissolution, fiscal agent loss).
- The grantee cannot meet requirements following a high-risk rating.

Appeals

Grantees may appeal a finding of noncompliance. Appeals must:

- Be submitted in writing within 30 days of receiving a noncompliance notice.
- Include relevant evidence and documentation.
- Be addressed to the OCM grants manager and DSE director.

The grants manager and OCM leadership will review the appeal and provide a written determination.

Revisions and amendments to the work plan, budget and grant agreement

Policies and statutes

- [OGM Policy 08-12: Grant Amendments](#)

Overview

Grantees are expected to carry out the activities outlined in the approved work plan; however, OCM recognizes that modifications may be necessary as the project progresses. Unsuccessful strategies should not be continued, and grantees should be encouraged to discuss any challenges or barriers with their grants coordinator.

Depending on the scope, adjustments can be made through a work plan revision, budget revision, and/or grant agreement amendment. Approval is required before incurring new expenses. *Limited adjustments to the budget may be made at the grantees' discretion, depending upon the scope of change requested.* All work plan/budget revisions and grant agreement amendments must be finalized prior to the expiration of the grant agreement. Requests received after the expiration of the grant agreement must be denied.

The grant award amount and the scope of the proposed budget or work plan changes will guide the level of approval and documentation needed.

Criteria for modification and amendment requests

The criteria OCM uses to consider requests for work plan revisions and work plan amendments include, but are not limited to, the following:

- Project delays due to contractor pullout, staff vacancies/illness, timelines associated with additional project funding sources, or other circumstances beyond the grantee's control
- Whether the requested change continues to fit the original intent of the grant
  - For example, adjusted project meets the eligibility requirements of the funding source, outcomes and activities are similar to the original project, life expectancy of the project is substantially the same or greater, etc.
- Cost changes from originally approved budgeted amounts, such as shifts in spending from the originally approved budget
  - Note that budget adjustments are cumulative.
- Match expenditure changes that will substantially change the activities and outcomes

Work plan/budget revision eligibility and procedure

Changes to an approved budget/work plan require OCM grants coordinator approval and include, but are not limited to, the following:

- A budget adjustment as outlined in the table below
- Addition of a budget category
- Making significant revisions within a budget category, such as changing the staff position funded, even if the total salary amount remains unchanged

Approval is required before incurring new expenses. Requests should be submitted 30 days in advance before the end of the grant period. Requests made within the last 30 days of the grant period may be approved on a case-by-case basis. *Please note that regardless of percentage, any change that materially alters the project scope, purpose, deliverables, or grant risk profile may require a work plan and budget update and/or a formal grant agreement amendment.*

Revision and amendment overview

Action	Grants <$50,000	Grants >$50,000	Approval/documentation needed
OCM email approval	≤10% of the grant amount	≤10% of the grant amount	DSE director/grants manager consults, grants coordinator approval; initiate request via email to grants.ocm@state.mn.us
Work plan revision, budget revision and OCM email approval	>20% of the grant amount	>20% of the grant amount	DSE director consults, grants manager approval; initiate request via email to grants.ocm@state.mn.us.
Grant agreement amendment	>$20,000	≥40% of the grant amount	Executed grant agreement amendment; requires commissioner approval.

Work plan and budget revision process

1. **Grantee requests preapproval:** The grantee will contact the grants manager via email, phone and/or video call to request a budget revision. The grants coordinator will review the request and provide preapproval or advise the grantee on their options.
2. **Grantee completes budget revision justification:** Grantees complete a budget revision via email to grants.ocm@state.mn.us by making adjustments to the budget spreadsheet.
   a. Guidelines for required information:
      i. A revision is for the entire grant period, not just the remaining funds.
      ii. Provide an overall justification for the revision. For example: "To purchase 10 additional laptops to meet the needs of an increased number of students in computer classes; these funds will be offset by cost savings from not tabling at a canceled community event."
      iii. For each applicable budget category and/or line item, enter the revised amount.
      iv. Update the explanation for each category and line item, including a justification for the change. Be specific about why the revision is necessary. Simply stating "budget needs to be changed" is not sufficient.
3. **Grants coordinator and manager review and approval:** After reviewing the submitted form and justification, the grants coordinator and grants manager will approve or deny the budget revision request. If approved, the revised budget will become the official grant budget, and the updated budget will be reflected in the grantee's file.
   a. **If approved,** the grants coordinator will approve the revision via email, and the grantee may begin work.
   b. **If denied,** the grants coordinator must provide documentation via email of the denial and notify the grantee.

Grant agreement amendment eligibility and procedure

Changes to a work plan and budget that require a grant agreement amendment include, but are not limited to, the following:

- Extension to the grant period
- A significant change in activities, region served, or target population identified in the approved work plan
- A work plan budget adjustment exceeding $20,000 for grants under $50,000 or over 20% of the budget for grants over $50,000

The steps to request an amendment are as follows:

1. **Grantee requests consultation and preapproval:** The grantee will contact the grants manager via email, phone call, or video call to request a consultation. The grants coordinator will review the request and provide preapproval or advise the grantee on alternative options.
2. **Grantee submits signed written request on official letterhead:** The grantee must submit a signed written request for a grant agreement amendment on the organization's official letterhead, signed by the grantee's official signatory. This request can be sent via email to grants.ocm@state.mn.us.
3. **OCM grants coordinator review:** If submitted with sufficient time for review, the OCM grants coordinator will review the amendment request and take one of the following actions:
   a. **Request approved:** The grants coordinator will generate a decision memo and the grant agreement amendment document.
   b. **Request denied:** If denied, OCM will provide documentation of the denial via email.
4. **OCM cabinet approval:** The grants coordinator will preapprove the request, create a decision memo and grant agreement amendment, obtain approval from the OCM grants manager, and route them to the OCM cabinet for approval.
5. **Commissioner approval:** The grant agreement amendment is routed to the commissioner of administration for final approval and signature.
6. **Grantee signature:** The approved grant agreement amendment will be sent via email to the grantee's primary contact, who may forward it to the official signatory. The document must be signed by the official signatory. All signatures on the grant agreement amendment must be obtained prior to the expiration of the grant agreement.

Conflicts of interest

Recipients of OCM grants (grantees) are responsible for adopting local conflict of interest policies and procedures.

A conflict of interest, whether actual, potential, or perceived, occurs "when a person has actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A conflict of interest exists even if no unethical, improper, or illegal act results from it." (OGM Policy 08-01).

Conflict in fact

In the use of award funds (direct or indirect), a grantee should not participate in any decisions, approval, disapproval, recommendations, investigation decisions, or any other proceeding concerning any of the following people or groups:

- An immediate family member
- A partner
- An organization in which they are serving as an officer, director, trustee, partner, or employee
- Any person or organization with whom they are negotiating or who has an arrangement concerning prospective employment, has a financial interest, or, for other reasons, can have less than an unbiased transaction with the grantee

Conflict in appearance

In the use of award funds, grant coordinators and OCM staff should avoid any action that might result in, or create the appearance of:

- Use of official position for private gain
- Giving special treatment to any person
- Losing complete independence or objectivity
- Making an official decision outside official channels
- Affecting negatively the confidence of the public in the integrity of the government or the program

Common conflict of interest issues

Typical conflict of interest scenarios include:

- **Related party transactions:** Engaging in transactions for goods, services, or hiring individuals from related parties, such as family members or businesses associated with an employee of the grantee.
- **Unfair vendor selection:** Failing to use fair and transparent processes for subrecipient decisions and vendor selection. These processes must be free of undue influence and typically require full and open competition.
- **Consultant compliance:** Utilizing consultants in award programs requires adherence to regulations governing a fair consultant selection process, ensuring reasonable pay rates and verifiable work products.

Grantee record retention

The record retention requirement for grantees extends to source documentation supporting accounting transactions, including:

- General and subsidiary ledgers and journals
- Personnel and payroll records (including time and effort reports)
- Time and effort reports for consultants
- Bank statements and canceled checks
- Copies of all awards, applications, and required grantee financial and narrative reports
- Grant agreement and amendments
- Quarterly statistical and progress reports
- All narrative progress reports
- Supporting documentation linking demographic and service data reported on the quarterly statistical and performance reports to specific program participants
- Program audits
- All other records pertinent to the award

Records retention period

Records must be retained for six years after the end of the grant period. The six-year period starts from the submission date of the single-audit report or the final expenditure report, whichever is applicable.

Extension of the retention period

If any legal action, audit, or other issues arise before the end of the six-year period, records must be kept until all issues are resolved or until the end of the six-year period, whichever is later.

Access to records

Records must be maintained for easy retrieval. They must be made available to OCM staff, auditors, awarding agency personnel, the Office of the Legislative Auditor, or any other authorized state agent. The right of access to records lasts for as long as the records are maintained beyond the required retention period.

Minnesota Statutes, section 16B.98, subdivision 8

The grantee's books, records, documents, and accounting procedures relevant to the grant are subject to examination by the Commissioner of Administration, the state granting agency, and either the legislative auditor or the state auditor. This examination requirement lasts for a minimum of six years from the end date of the grant contract agreement, receipt, and approval of all final reports, or until all state and program retention requirements are satisfied, whichever is later.

Program participant records

Grant coordinators may request to view a sample program participant file when conducting a site visit or service review. Participant records should not be identifiable by name but by a unique numeric identifier. Grantees will be given an opportunity to redact identifying information prior to review.

Note: OCM grant coordinators should advise grantees to consult with their legal counsel for guidance on the retention of any confidential identifying information, including case notes and other data not listed for their purposes.

Fiscal agents

A fiscal agent, sometimes referred to as a fiscal sponsor, is an organization that manages funds on behalf of another organization running the grant program. The grant agreement is with the fiscal agent, which sponsors the program operator. This setup is used when the program operator lacks legal business status, is not eligible, or lacks the capacity to handle government grant requirements.

> If the relationship between the fiscal agent and the program operator fails, the grant agreement will be terminated. Changing fiscal agents during a grant term is not allowable.

Responsibilities of the fiscal agent

- Financial management: Handle all grant funds and fulfill all conditions.
- Reporting: Submit all required reports (programmatic and financial).
- Budget monitoring: Ensure the budget is followed and keep all necessary documentation.
- Audits: Comply with audit requirements.
- Liaison: Act as the main contact between the state and any subcontractors or collaborators.
- Other conditions: Follow all other terms in the grant agreement.

Responsibilities of OCM

- Communication: Keep all parties informed about grant decisions and status.
- Correspondence: Send official communications to the fiscal agent and copy the program contact of the operating agency.
- State actions: The operating agency can make official requests, but they must be reviewed, approved, and submitted by the fiscal agent.

Fees

- Administrative costs: These are allowed as part of the budget but must be well-documented.
- Negotiation: Administrative fees or percentages must be negotiated with the grant manager before final budget approval.

Written agreements

- Clarity: The fiscal agent and operating entity must have a written agreement detailing mutual expectations.
- Submission: These agreements must be submitted to OCM.

Audits and IRS 990 forms

Audit requirements

IRS 990 forms

Tax-exempt organizations with revenue over $50,000 must file annual 990 forms.

Grants funded with state funds

Minnesota Statutes, section 309.53: Charitable organizations receiving total revenue exceeding $750,000 for the 12 months covered by the statement must have an audited financial statement. This must be prepared according to generally accepted accounting principles and examined by an independent certified public accountant for the purpose of expressing an opinion. Grantees are instructed to submit copies of any new audits to OCM. Lack of a timely required audit indicates a higher level of risk and may warrant temporary suspension of grant payments or increased monitoring until the grantee complies with the law.

Cash management

Petty cash

Grantees should be instructed that petty cash funds should only be used for small items requiring immediate cash payment. General guidelines include:

- The maximum petty cash on hand is $200.
- Invoices/vouchers must support all cash disbursed.
- The total amount of cash plus invoices/vouchers should equal the pre-established petty cash fund level.
- Access to petty cash and records should be limited to authorized staff.
- An unrelated staff member should reconcile the account randomly but regularly.

Cash depositories

Grantees should deposit funds in an FDIC-insured bank and follow these guidelines:

- Record funds received in the journal on the date received.
- Deposit funds as quickly as possible, usually within one business day.
- Deposit receipts intact to ensure an audit trail from receipt to bank deposit.

Checking account

Grantees are expected to use a checking account to pay bills and should follow these guidelines:

- The bank must have signatures on file for all authorized check signers.
- Checks should not be made payable to "CASH."
- Monthly reconciliation by someone not involved in preparing, approving, or signing checks.
- Retain all canceled checks and bank statements for documentation and audit purposes.
- Retain voided checks with the signature portion removed and "VOID" marked clearly.

Cash controls

Grantees are expected to maintain a cash receipts journal.

Grantees are encouraged to use minority-owned banks when possible (banks owned at least 50% by minority group members). A list of minority-owned banks can be obtained from the Minority Business Development Agency, Department of Commerce, Washington, DC 20230.

Payroll/personnel standards

Compliance with state and federal labor laws

Grantees must comply with all [Minnesota Employment-Related Statutes and Rules](#) [and U.S. Wage and Hour Rules](#) regarding the earning and payment of overtime by employees. OCM and the state of Minnesota will not participate in any monetary settlements, judgments, or claims due to noncompliance with these laws.

Personnel policies

Grantees must have written personnel policies covering payroll functions, including:

- Hiring procedures
- New employee orientation
- Work schedules
- Compensation
- Timekeeping and leaves
- Benefits
- Workers' compensation
- Performance appraisal
- Data privacy
- Separation from employment
- Complaint and grievance procedures

Personnel guidelines for grants

Timesheet procedures

- Employees paid with grant funds must maintain timesheets.
- Timesheets must indicate days and hours worked on the program.
- Staff working on an OCM program paid from multiple funding sources must show hours worked under each funding source daily and include a summary of deliverables.
- Timesheets must be signed and dated by the employee and approved by the supervisor.
- The executive director's timesheet must be signed by a board member.

Timesheet definition: A record of an employee's daily hours worked and paid time off (PTO).

Find an [Example Timesheet](#) below.

Job descriptions

Signed and dated job descriptions reflecting employee functions must be kept on file.

Rate of pay

Employee files must indicate the approved current rate of pay.

Paid Time Off (PTO)

Records of all paid time off balances must be maintained.

Negative PTO

May be approved by the board of directors but is not an eligible grant expense.

Payroll taxes and fringe benefits

Allocated similarly to salaries and wages. Actual expenses must be charged to the grant.

Licensing and certification provisions

Grantees must have appropriate screening and supervision policies for staff working with children or vulnerable adults.

Voter registration requirement

The commissioner or chief administrative officer of each state agency, community-based public agency, or nonprofit organization that works with a state agency must provide voter registration services. This includes services for both employees and the public, such as automatic voter registration or information about voter eligibility and registration procedures as required by Minnesota Statutes, section 201.162.

Anyone who meets the qualifications can complete a voter registration application or update their voter registration name or address. Nonpartisan voter registration assistance must be a part of the job for appropriate agency employees. This means routinely asking people served by the agency if they would like to register to vote and helping them fill out the registration forms if needed.

Employee vs. consultant

Employee:
- Does not control how, when, or where they work
- Covered by workers' compensation
- Uses agency resources

Consultant:
- Controls all aspects of their work
- Assumes all risks and is not covered by agency insurance
- Uses their own resources

Volunteers, interns, and stipends

Grantees must comply with labor laws. Refer to the FLSA advisor for definitions.

Stipends/nominal fees

Volunteers may be paid expenses, reasonable benefits, or nominal fees not tied to productivity and not exceeding 20% of employee pay for the same activity. Over $500 annually or 20% of employee pay classifies the volunteer as an employee subject to employment laws.

Example Timesheet

This example summarizes information that will need to be displayed on timesheets submitted for reimbursement. This example is not intended to serve as a template; grantees may use their preferred time tracking system that includes required signatures being collected and required information is reflected in their submitted documentation.

Date	Funding Source 1 (Grant A)	Funding Source 2 (Grant B)	Funding Source 3 (General Fund)	Total Hours Worked
Monday	3 hours	4 hours	1 hour	8 hours
Tuesday	4 hours	2 hours	2 hours	8 hours
Wednesday	2 hours	3 hours	3 hours	8 hours
Thursday	3 hours	2 hours	3 hours	8 hours
Friday	4 hours	3 hours	1 hour	8 hours
Total	16 hours	14 hours	10 hours	40 hours

Summary of deliverables

Funding Source 1 (Grant A)	Funding Source 2 (Grant B)	Funding Source 3 (General Fund)
Conducted outreach activities for community engagement. Prepared and submitted weekly program progress reports. Participated in grant-related meetings and training sessions.	Developed and implemented program materials for youth development. Coordinated with partner organizations for joint initiatives. Monitored and evaluated program outcomes.	Managed administrative tasks including scheduling and correspondence. Assisted with general office duties and staff support. Updated and maintained organization's social media presence.

Accessibility, affirmative action, and non-discrimination

Disability non-discrimination

Grantees must not discriminate against any employee or job applicant based on physical or mental disabilities for any job position for which they are qualified. Grantees must take affirmative action to hire, promote, and support qualified people with disabilities in all employment practices, including hiring, promotions, transfers, recruitment, advertising, layoffs, terminations, pay rates, and training programs (Minnesota Rules, subpart 5000.3500).

Compliance with human rights laws

Grantees must comply with the rules and orders of the Minnesota Department of Human Rights according to the Minnesota Human Rights Act.

Equal employment opportunity

Grantees must not discriminate against any employee or job applicant based on race, color, creed, religion, national origin, sex, marital status, status regarding public assistance, membership in local commissions, disability, sexual orientation, or age for any job position they are qualified for (Minnesota Statutes, section 363A.02).

OCM's commitment to access and inclusion

OCM is committed to making the grantmaking and grant administration accessible to all potential applicants. OCM is prepared to provide the following accommodations:

- Alternative formats: Application materials available in large print, Braille, audio, or electronic formats.
- Language assistance: Translation and interpretation services for non-English speakers.
- Assistance with submission: Support with completing and submitting your application, including help with online forms or technical issues.
- Additional support: Any other reasonable accommodations needed to ensure full participation.

Grantees and grant applicants are instructed to contact OCM's designated ADA coordinator to initiate their request for accommodations.

Accessibility standards for grantees

OCM will encourage grantees to ensure their budget includes funds to cover the costs of providing reasonable accommodations and communication access for all program participants. This includes, but is not limited to:

- Interpreters for events and meetings
- Closed captioning for videos and webinars
- Audio descriptions for informational and promotional videos (e.g., YouTube channel)

All materials and activities should be accessible to individuals with disabilities and consider populations with limited English proficiency. This means planning for:

- Accessible venues for events
- Spoken language interpretation
- Braille materials or other formats for visually impaired participants
- Sign language interpreters for deaf or hard-of-hearing participants
- Costs associated with creating and maintaining accessible digital content (e.g., voice-overs, closed-captioned videos, accessible websites)
- Any necessary technology or software to facilitate accessibility

Closeout Phase

Closeout activities

Grant closeout is the process by which all financial and administrative actions of the grant and all required work have been completed. Common actions taken during closeout include submitting final financial and programmatic reports, paying final allowable expenditures, and documenting the grant award evaluation.

Within 15 days after the end of the grant period

The grantee must complete the following tasks within 15 calendar days after the grant agreement period ends, or when all grant and match funds have been spent (whichever comes first):

1. Final Progress Report: The grant coordinator will review the report and cross-check it with the Work Plan and OCM guidance to ensure it meets requirements.
2. Final Financial Status Report: The grants coordinator will review the final financial status report.
   a. Grants of $50,000 or more may be subject to reconciliation prior to closeout.
3. Repayment of unspent funds: If the grantee received more funds than the amount of expenditures and obligations the difference must be repaid to the state of Minnesota.

Within 60 days after the end of the grant period

Within 60 days of the grant end date, the OCM grants coordinator will complete a Grant Closeout Evaluation of the grantee performance evaluation online system in accordance with OGM Policy 08-13.

A Grant Closeout Evaluation form will be completed that includes the amount of the grant, the amount spent, the match requirement and whether it was met, and lists any monitoring or financial issues cited or concerns for future grants with OCM. Refer to OGM's Grantee Evaluation Training Document for more information.