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# Pass-Through Grants Reimbursement Manual

Environment and Natural Resources Trust Fund (ENRTF)  
Outdoor Heritage Fund (OHF)  
Fiscal Year 2019 (July 1, 2018- June 30, 2019)

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## Introduction

The Grants Unit within the DNR OMBS provides contract management services related to ENRTF and OHF pass-through grant projects. Contract management ensures oversight of reimbursement for project deliverables and meets the requirements of all state laws and policies including the Department of Administration's Office of Grants Management (OGM) procedures. Contract management aids recipients with financial compliance and ensures project consistency with appropriation law, state statute, grants policies, and approved work/accomplishment plans.

The grantee is responsible for establishing and maintaining adequate financial internal control systems that follow generally accepted accounting and auditing principles. Grantees must establish a separate, non-interest bearing account for ENRTF/OHF funds. Any accounting issues not addressed in this manual are subject to state agency standards as interpreted by their internal auditors. All projects are subject to final audit.

OGM [Policy Number 08-10](#) requires one monitoring visit during the course of the grant period on projects valued at over \$50,000. All projects valued at over \$250,000 require annual monitoring visits. Monitoring will take place either at the grantee's office location, the DNR Central Office, or via phone. Grantees will be given adequate notice prior to monitoring. The focus of the visit will be financial and grants management and associated documentation and procedures.

This manual was developed to help grantees administer their pass-through appropriation(s) and to provide instruction on how to obtain reimbursements for eligible project expenses. However, it will not be able to address all issues and potential problems that may arise during the completion of the project. **For questions regarding the grant agreement and amendments or reimbursement requests, please contact the State's Authorized Representative or your assigned Grants Specialist.** Contact information is in section G of this manual; it can also be found in the contract agreement and on the DNR pass-through grants [website](#).

For questions regarding your ENRTF work plan, please contact Legislative-Citizen Commission on Minnesota Resources (LCCMR) staff.

For questions regarding your OHF accomplishment plan, please contact Lessard-Sams Outdoor Heritage Council (LSOHC) staff.

## State Accounting System (SWIFT) Requirements

The DNR processes project reimbursement payments through a system managed by Minnesota Management and Budget (MMB). The preferred method of payment is through the use of 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 either in the mail or by misdirection. In order to set up the electronic transfer payment process, please contact MMB at 651-201-8106.

The grantee will also need to request a User ID to access the SWIFT e-Supplier portal to view payment information:

Go to [Swift e-Supplier Portal](http://supplier.swift.state.mn.us) (<http://supplier.swift.state.mn.us>)

At the Supplier Portal - leave the User ID and Password boxes blank

Click on the 'Vendor Registration Link'

Enter Vendor Name, Tax Identification Number (TIN) Type & Federal Tax ID and click next

Enter SWIFT Vendor ID and click 'find' (to find the SWIFT Vendor ID - go to <http://www.swift.state.mn.us/vendors> and enter the vendor number)

If a user ID exists it will be displayed

Click on the 'Create new user' button and follow the steps to create a new user password

An email will be sent with the new User ID and password.

Questions regarding this process can be sent to [efthelpline.mmb@state.mn.us](mailto:efthelpline.mmb@state.mn.us).

# Project Reimbursement

*Pass-through grants are reimbursement based.* The grantee must pay for project expenses prior to seeking reimbursement. Eligible expenses are then reimbursed, under the terms of the agreement with the State of Minnesota.

The DNR will only provide advance payment with prior approval as outlined in session law and the grantee's agreement. LCCMR and/or LSOHC will also need to approve all advances for the project through the work/accomplishment plan. This does not apply to land acquisitions, where the Grants Unit can transfer funds to the grantee one business day prior to the closing date through an EFT. *All pre-closing documentation must be submitted at least ten business days in advance of the closing date in order to allow the Grants Unit to review the paperwork, notify the grantee of any missing or incomplete land acquisition documentation, and process the request.*

Grantees should expect to be reimbursed within 30 days of the DNR receiving the complete reimbursement request. The 30-day timeframe begins when a full reimbursement request is received by the DNR. If there is documentation missing, the 30-day clock does not start until that documentation is submitted to the DNR. The 30-day timeframe does not apply to reimbursement requests that are not submitted on at least a quarterly basis.

The final reimbursement will be paid out 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 final report must be approved by the LCCMR or the LSOHC prior to payment of the final reimbursement request unless the grantee receives prior approval from the DNR in coordination with LCCMR/LSOHC staff to waive that requirement.

## Reimbursement Payment Request Documents to Be Submitted

The reimbursement request is comprised of four sections. A checklist is provided on page ten. Sample forms follow the checklist.

### Section 1: Project Reimbursement Payment Request Form

This form must be completed and signed by an individual who is authorized by the organization to submit Reimbursement Payment Requests. It is required for all payment requests including land or conservation easement acquisitions.

### Section 2: Reimbursement Spreadsheet

The Reimbursement Spreadsheet provides information on the starting budget amounts, the current requested reimbursement amount, and the remaining balance of funds available. List the same line items (categories) from the approved work /accomplishment plan budget. Only approved budget items (expenses) will be eligible for reimbursement. Please note the [guidance on allowable expenses documents](#) (provided by LCCMR and the [budget line item definitions](#) provided by LSOHC. The grantee should use the ENRTF spreadsheet for all LCCMR projects and the OHF spreadsheet for all LSOHC projects.

### Section 3: Project Activity Summary Spreadsheet

The Project Activity Summary Spreadsheet provides a detailed summary of all requested reimbursement items. The spreadsheet highlights the transaction date, description of the charges, the amount requested, and the approved budget categories that each charge is applied to. This document aids both the grantee and the State to more clearly tie all applicable charges together when a reimbursement request is submitted for payment.

## Section 4: Reimbursement Documentation

Project expenses for reimbursement must be documented with receipts, invoices, and time (payroll) records. This information is required to determine the eligibility of the expenses and to ensure expenses were made within the period eligible for reimbursement. Specific documentation is required for land acquisitions. Please see your grant agreement to view your land acquisition reporting requirements.

All invoices must explicitly state the date(s) that the services were performed and that date must fall within the period eligible for reimbursement. The following information must be added to (or written on) the copies of receipts, invoices, time records or other documentation:

- Activity # the expense is being posted to (Environment and Natural Resources Trust Fund only).
- Budget item the expense is being posted to such as personnel, equipment, travel, etc.
- If the documentation has expenses for more than one activity and/or budget item, mark which elements of the documentation are posted to the activity and budget item.
- If the documentation has non-project expenses on it, be sure to circle the expenses being posted to the project along with the activity and budget item.
- Check number or payment number that was used to pay for the receipt, invoice, or payroll. This number should match up with payment documentation such as a bank statement or other proof of payment.
- All employees working on a project should track number of hours worked on the project. Timesheet elements include the period worked (date range of work performed), name of the employee, rate of pay, hours worked, and benefit rate. The original time records must be available for review if requested. All vacation (paid time off), sick, and holiday benefits are eligible for reimbursement on a proportional level. Please contact your assigned Grants Specialist for more information.

Please send one copy of the reimbursement request to your designated Grants Specialist via mail or e-mail.

Please note that if work/accomplishment plan updates or progress reports are past due, the DNR may withhold reimbursement payments for that project until the grantee is in compliance.

### Documents to Be Kept on File

The grantee must maintain the below records along with all project agreements and correspondence in a separate project file. Project records are required for monitoring/audit purposes and must be readily available for review.

**Please note:** All records related to the project must be retained for a minimum of six (6) years following the end of the grant agreement.

### Proof of Payment

The State requires proof of payment documentation to ensure that funds are being provided on a reimbursement basis.

It is the grantee's responsibility to maintain proof of payment documentation and make it available when requested by the State. Proof of payment documentation may include: 1) a copy of a bank statement with small photocopies of cleared checks, 2) an electronic bank statement, 3) a copy of cancelled check(s), or other certified financial records, 4) employee original time records and payroll documentation.

The State may conduct a proof of payment review during grant monitoring or for any reimbursement request submitted by the grantee throughout the grant period if necessary. No additional reimbursement requests for that project will be processed until the proof of payment for the request being reviewed is submitted and approved.

## Vendors and Subcontractors

Subcontractors include other organizations and/or businesses that perform services identified in the work/accomplishment plan. Vendors provide supplies or materials to the project. Both must be selected based on contracting/purchasing procedures. Municipalities as defined in Minnesota statute 471.345, subdivision 1 must follow the Uniform Municipal Contracting Law. Non-governmental organizations may submit a copy of their contracting policies for review to the State's Authorized Representative or follow the contracting policies/procedures below.

Transparency, fiscal control, and accountability are key reasons why the State requires grantees to be thorough in the solicitation and selection of subcontractors and vendors. The following guidelines should be used:

- A. Grantee shall retain on file copies of the executed subcontract agreements and a copy of the bid tabulation (if applicable) along with written documentation that describes the rationale for selection of the subcontractor. This documentation may be reviewed during the monitoring visit or when requested by the State. *Each executed subcontract must include the amount of the subcontract, the length of the subcontract, and all elements of the grantee's contract with the State.*
- B. Any services and/or materials that are expected to cost \$100,000 or more must undergo a formal notice and bidding process.
- C. 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.
- D. 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.
- E. The grantee must take all necessary affirmative steps to assure that targeted vendors from businesses with active certifications through the entities below when possible. Please contact your grant specialist for assistance the first time you go through this process:
  1. [State Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List](#)
  2. Metropolitan Council's Targeted Vendor list: [Minnesota Unified Certification Program](#)
  3. Small Business Certification Program through Hennepin County, Ramsey County, and City of St. Paul: [Central Certification Program](#)
- F. 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.
- G. The grantee must maintain support documentation of the purchasing and/or bidding process utilized to contract services in their financial records, including support documentation justifying a single/sole source bid, if applicable.

Notwithstanding (a) - (d) above, the State may waive bidding process requirements when it is determined there is only one legitimate or practical source for such materials or services and that grantee has established a fair and reasonable price.

Support documentation of the bidding process utilized to contract services must be included in the grantee's financial records, including support documentation justifying a single/sole source bid, if applicable.

For projects that include construction work of \$25,000 or more, prevailing wage rules apply per [Minnesota Statue 177.41](#) through [177.44](#). Consequently, the bid request must state the project is subject to prevailing wage. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.

Grantees must use a Request for Proposal (RFP)/Request for Quote (RFQ) process to competitively select professional and technical services.

The advertisement for bid processes must allow for fair competition among potential qualified bidders.

Grantee must not contract with vendors/subcontractors who are on the on [State's debarment list](#)

(<http://www.mmd.admin.state.mn.us/debarredreport.asp>)

It is the policy of the State of Minnesota ([Policy 08-07: Single and Sole Source Grants](#)) that grants are to be competitively awarded as much as possible. Single and sole source grants are to be used when only one entity is reasonably able to meet a grant's intended purpose and objectives, due to their geographic location, specialized knowledge, relationships or specialized equipment.

The following form must be completed: [Grant Single Source Justification Form](#). The Grantee should send in the original to the State's Authorized Representative for signature and approval. If approved, the Grantee must keep the executed copy on file.

## Equipment

Records for grantee-owned equipment used on a project must include the time actually used for the project and the computation used to arrive at the charged use rate. Use rates are subject to review by DNR.

Capital equipment purchased with grant funds should be listed in the approved work/accomplishment plan, tagged, maintained in an up-to-date directory, and available for review.

## Land Acquisition Requirements

Any project that is subject to the land acquisition reporting requirements of Attachment E will be held to the most current version of Attachment E. The Grants Unit can transfer funds to the grantee one business day prior to the closing date through an EFT. All pre-closing documentation must be submitted at least ten business days in advance of the closing date in order to allow the Grants Unit to review the paperwork, notify the grantee of any missing or incomplete land acquisition documentation, and process the request.

For all acquisitions that require DNR services, the grantee must submit a Use of Funds letter as outlined in their grant agreement to pay for the DNR's services. Funding must be available in the "DNR Land Acquisition Costs" (OHF) or the "Other DNR acquisition, reporting, and management" (ENRTF) budget line item in the approved work/accomplishment plan to pay for these costs.

Please see Attachment E of your grant agreement for step-by-step land acquisition procedures and requirements.

## Materials and Services

Materials and services purchased by the grantee to achieve outcomes/activities stated in the work/accomplishment plan and reflected in the approved budget are eligible project expenditures. Typical examples of material/service purchases include hardware, paint, lumber, sand/gravel, concrete, landscape materials, and signs.

An invoice must be obtained from the vendor to provide evidence of the sale/service whenever the grantee purchases materials or services. The invoice and the copy sent in with the reimbursement request must be legible and include the following items:

- Name and address of the vendor;
- Date the item or service was purchased;
- Date the service was performed;
- Quantity of item(s) purchased or hours worked;
- Description of item(s) or services purchased;

- Unit price/Prorate;
- Total amount of the line item;

Please also add the following information to the invoices:

- The activity # that the expense is being posted to. If a portion of an expense is being posted to more than one activity or budget line items, please include that information on the invoice (Environment and Natural Resource Trust Fund only).
- The budget line item (or category) the expense is being posted to. Examples include expenses identified as “travel”, “personnel”, “equipment”, etc.

### Commissioner’s Plan Travel Allowances

Travel must be included in the approved work/accomplishment plan and budget in order to be eligible for reimbursement. Out of state travel is an ineligible expense for both ENRTF and OHF projects unless explicitly approved in the work/accomplishment plan.

Website link for information on meal and mileage rates: [Commissioner's Plan Website](#) (Select Chapter 15 – Expense Reimbursement)

## Contact Information

Minnesota Department of Natural Resources - Office of Management and Budget Services, Grants Unit  
500 Lafayette Road St. Paul, MN 55155-4010

[Pass-Through Grants Website](#)

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## APPENDIX

### Reimbursement Request Checklist

The checklist contains the items that must be included with the reimbursement request. Please use the checklist to ensure that the payment request is complete.

For all projects, the Grantee must submit the following:

1. **Section 1: Project Reimbursement Payment Request Form**

This document must be dated and signed by an appropriate representative for the grantee. Please complete the form and include the name of the project, the SWIFT purchase order number (300000XXXX), the sequence of the request (for example, the first request would be #1), and the period of time the request covers.

2. **Section 2: Reimbursement Spreadsheet**

The Reimbursement Spreadsheet will need to be customized to include the budget items and outcomes/activities from Attachment A, the approved work/accomplishment plan. This will help track budget line items to ensure funding is being expended by budget categories.

3. **Section 3: Project Activity Summary Spreadsheet**

The Project Activity Summary Spreadsheet should include the date range of reimbursable activity, the transaction date, the approved budget category for each charge and the amount requested, along with a brief description of the reimbursable items.

4. **Section 4: Reimbursement Documentation**

Submit copies of receipts, invoices, and time records (payroll). This information is necessary to determine if the expenses are eligible for reimbursement. Please write the activity number, budget item title and payment information (such as check number, bank statement) on the receipt/invoice document submitted. This information is needed to determine what part of the project the expenses are being directed to.

5. **Section 5: Acquisition Documents (if applicable)**

Specific documentation is required for land acquisitions. Please see your grant agreement to view your land acquisition reporting requirements.

