

Grant Reimbursement Manual

Minnesota Department of Natural Resources; Minnesota’s Lake Superior Coastal Program

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Thank you to the Minnesota Department of Natural Resources’ (DNR) Environment and Natural Resources Trust Fund and the Outdoor Heritage Fund for developing the template for this manual.

Introduction

The State of Minnesota, acting through its Commissioner of the Natural Resources, administers federal pass-through grant projects for Minnesota's Lake Superior Coastal Program. Coastal Program staff, based in Two Harbors, are responsible for oversight of reimbursement for project expenses. They help recipients with financial compliance and ensure project consistency with applicable federal laws, state statutes, grants policies, and the executed grant contract agreement and project description.

- Code of Federal Regulations, 2: Grants and Agreements, [Part 200](#) – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Department of Administration's [Office of Grants Management](#) (OGM) policies
- State Statutes including [16A.124 Subd.3](#).
- US Department of Commerce [Financial Assistance Standard Terms and Conditions](#)

The grantee is responsible for establishing and maintaining adequate financial internal control systems that follow generally accepted accounting and auditing principles. 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.

This manual will help grantees 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 contract agreement and amendments or reimbursement requests, contact the State's Authorized Representative or your assigned grants specialist.**

Contact Information

Minnesota Department of Natural Resources
Minnesota's Lake Superior Coastal Program
1568 Highway 2 Two Harbors, MN 55616
[Coastal Program Website](#)

State's Authorized Representative: Amber Westerbur, program manager, 218-834-1445, amber.westerbur@state.mn.us.

Grants Specialist: Cynthia Poyhonen, 218-834-1447, cynthia.poyhonen@state.mn.us.

Eligible Project Expenses

Except where otherwise authorized, costs must meet the following general criteria to be allowable:

1. Be necessary and reasonable for accomplishment of the project or program objectives.
2. Be adequately documented and/or verifiable from the records.
3. Conform to any limitations or exclusions as to types or amount of cost items.
4. Be consistent with policies and procedures that apply uniformly to both grant and other activities of the grantee.
5. Be accorded consistent treatment. A cost may not be assigned as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated as an indirect cost.
6. Be determined in accordance with generally accepted accounting principles, exceptions apply.

7. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.

Match

Grantees must provide match for your project; see your grant contract agreement. The same requirements for grant expenditures also apply to the reported match.

In-kind Contributions

The value of donated services and property may be used to meet cost sharing or matching requirements (see [§200.306 Cost sharing or matching](#)). You may not use equipment or supplies purchased with a previous Coastal Program grant as match. You may not charge the value of services and property donated as a direct cost (grant) or include it in the indirect cost rate.

Monitoring

Grantees must submit progress reports to the Coastal Program until all grant funds have been expended and all the terms in the grant contract agreement have been met. Grant payments will not be made on grants with past due progress reports unless the Coastal Program has given the grantee written permission.

OGM [Policy Number 08-10](#) requires additional monitoring on all grants over \$50,000. The state will give grantees adequate notice prior to monitoring. This includes:

1. One visit during the grant period. Monitoring will take place either at the grantee's office location, the Coastal Program's Offices, or via phone. The focus of the visit will be financial and grants management and associated documentation and procedures.
2. A minimum of one invoice will be subject to financial reconciliation. You will be required to submit additional documentation, including proof of payment and timesheets upon request.

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 electronic funds transfer (EFT) directly into the grantee's designated bank account. Electronic reimbursements provide timely payments and prevent the loss of checks either in the mail or by misdirection. To set up the electronic transfer payment process, please contact MMB at 651-201-8106.

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

- Go to <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

- 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.

Send questions regarding this process to efthelpline.mmb@state.mn.us.

Reimbursement

Pass-through grants are reimbursement based. The grantee must pay for project expenses prior to seeking reimbursement. The State will reimburse eligible expenses under the terms of the agreement based on expenditures reported.

The State will only provide advance payment with prior approval and if included in the grantee's agreement. This does not apply to land acquisitions; the DNR can transfer funds to the grantee one business day prior to the closing date.

Grantees should expect reimbursement within 30 days of the DNR receiving the complete reimbursement request. If anything is missing, the 30-day clock does not start until the Grantee submits that documentation to the DNR. The state reserves the right to withhold payment for any reimbursement request deemed to be in question of being allowable, allocable, and reasonable, or for which adequate supporting documentation does not exist.

Submission

The Coastal Program will accept reimbursement requests:

- Annual projects: quarterly
- STAR projects: at completion of the project or agreement expiration whichever occurs first
- Conference Support: at completion of the event

The Coastal Program must have a progress report on file for the activities included in the reimbursement request. If past due, the DNR may withhold reimbursement payments for that project until the grantee submits the required progress reports.

Please email invoices and all supporting documentation to mlscp.dnr@state.mn.us.

Electronic Document Accessibility

The Grantee should provide the reimbursement request and supporting documentation in an accessible electronic format per [Minnesota Statute 16E.03](#) State Information and Communications System, Subd. 9. Subdivision 9 incorporates federal requirements under [Section 508 of the Rehabilitation Act of 1973](#) (Revised) and the [Web Content Accessibility Guidelines 2.1, level AA](#). For guidance on producing accessible electronic documents, see the Minnesota IT Services [accessibility website](#).

State Fiscal Year End Requirement

For Annual grant projects, you must submit expenses within the State's fiscal year. You must submit all eligible expenses incurred between July 1 and June 30 within one month of the end of the fiscal year. See your grant contract agreement, Section **Reporting Requirements**.

Final Reimbursement

The State will pay the final reimbursement after the Grantee has satisfactorily fulfilled all the terms of their grant contract agreement, unless otherwise excluded by the State in writing. The State must approve the final report prior to payment of the final reimbursement request unless the grantee receives prior approval from the DNR to waive that requirement.

The State must complete a financial reconciliation on all grants over \$50,000 prior to approving the final reimbursement request. If a final request is also the first request, this may delay payment.

Documents to Be Submitted

The reimbursement request is comprised of three parts, the invoice, the worksheets, and the supporting documentation. For the invoice and worksheets, you may download the Financial Reporting Forms (Excel workbook) from the Coastal Program's grants [webpage](#).

Part 1: Invoice

The invoice includes the information necessary to process the request; it includes the starting budget amounts, the current requested reimbursement amount, and the remaining balance of funds available.

You must sign the invoice (follow organizational procedures). We do accept a digital signature. You may insert a signature into the Excel Invoice; turn it into a PDF and include a PDF signature; or you may print, sign, and scan the Invoice.

The invoice is required for all reimbursement requests.

Part 2: Worksheets

The worksheets provide space to detail all expenses including the transaction date and description of the charges. **You must provide enough information for the Coastal Program to determine if the expenses are reasonable, necessary, and allowable.**

The worksheets ask you to break out the expenses between the grant (reimbursed) and the required match. Only approved budget items (expenses) will be eligible for reimbursement.

You must have funds in the category in the 'Authorized Budget' to submit grant expenses in that category. Match expenses do not have to be in the Authorized Budget categories.

You may reassign up to 10% of the total grant amount between the grant's Authorized Budget categories without prior approval from the State.

You should submit the worksheets in the Excel spreadsheet.

Part 3: Supporting Documentation

The supporting documentation should provide record of all project expenses included in the worksheets, **documented with receipts, invoices, expense descriptions, and time (payroll) records.** Keep the originals and submit copies or digital versions. This information is required to determine the eligibility of the expenses.

All documentation must explicitly state the date(s) of the service(s), the date(s) must fall within the period eligible for reimbursement. You should ensure the following information is included in (or written on) the copies of receipts, invoices, time records or other documentation:

- If the documentation has non-project expenses on it, circle or highlight the expenses related to the project.
- Include the check number or payment number 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.

SALARY/FRINGE DOCUMENTATION

Salary documentation must include:

- dates of activities/payroll
- number of hours, rate per hour, and total salary per staff
- a brief description of the tasks completed.

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.

In the provided Financial Reporting Forms, we have provided a salary documentation form that you may use to submit this information. If the form contains all required details and the expenses are supported by activities in the progress reports, that is sufficient documentation. The original time records must be available for review if requested.

LAND ACQUISITION

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

Documents to Be Kept on File

The grantee must maintain all project agreements, reports, correspondence, and the records pertaining to project expenses requested for reimbursement in a separate project file. Project records are required for monitoring/audit purposes and must be readily available for review.

Retention Period

You must retain all records related to the project for a minimum of six (6) years following the end of the grant contract agreement, or the receipt and approval of all final reports, whichever is later.

Proof of Payment

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:

- a copy of a bank statement with photocopies of cleared checks
- an electronic bank statement
- a copy of cancelled check(s), or other certified financial records
- 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

Vendors provide supplies or materials to the project. Subcontractors include other organizations and/or businesses that complete activities for the project. Federal and state laws regulate purchases and contracts; see Section **Subcontractors, Contracting, and Bidding Requirements** of your grant contract agreement for specifics.

- 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 as outlined in the grant contract agreement, Subcontractors, Contracting, and Bidding Requirements.
- The Grantee agrees to comply with [Title 2 Code of Federal Regulations \(CFR\) 200.318](#) through 2 CFR 200.326.

Targeted Vendors

The Grantee must take all necessary affirmative steps to assure that small and minority businesses, women's business enterprises, and labor surplus area firms are used when possible as outlined in [2 CFR 200.321](#).

- [Minnesota Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List](#)

Debarment

The Grantee must not contract with vendors who are suspended or debarred in Minnesota: <http://www.mmd.admin.state.mn.us/debarredreport.asp>

Prevailing Wage

For projects that include construction work of \$25,000 or more, prevailing wage rules apply per [Minn.Stat.§ 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.

Solicitation and Selection

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 apply:

- A. The advertisement for bid processes must allow for fair competition among potential qualified bidders.
- B. 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.
- C. 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.
- D. 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.

Single and Sole Source Contract

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. You may use a single and sole source grants/contracts when only one entity is reasonably able to meet a projects' intended purpose and objectives, due to their geographic location, specialized knowledge, relationships, or specialized equipment.

The Grantee must submit the [Single/Sole Source Grant and Contract Justification Form](#). The Grantee should complete, sign, and send it to the State's Authorized Representative for approval. The Grantee must keep a copy on file, as well as the State's decision.

Cost Category-Specific Requirements

These requirements are subject to federal law and the terms and conditions of your grant contract agreement.

Personal

Salary

Includes salaries and wages for employees that provide a service to the grant project. All costs charged directly for support or executive personnel must not be included as Indirect Costs. All personnel costs must be allowable (no federal employees or legislative personnel).

Fringe Benefits

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick, or military), employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere, the costs of fringe benefits are allowable if the benefits are reasonable and required by law, employer-employee agreement, or an established policy of the Grantee.

Ensure that you charge fringe benefits to grant and match categories in the same proportion as salaries. If expenses are included in the fringe rate or indirect costs, do not also charge them separately.

Volunteers

You may include services donated or volunteered by professional and technical personnel, consultants, and other skilled and unskilled labor to meet cost sharing or matching requirements. You may not charge the value of these services as a direct or indirect cost.

Volunteer time should be included under Salary, Match. Volunteers may be valued at \$20 per hour or at rates charged to do the work provided (i.e., accountants assisting with finances, attorney's legal work).

Travel

Travel must be included in the grant contract agreement and budget to be eligible for reimbursement. Out of state travel is ineligible unless explicitly approved by the State. Travel out of the United States is not allowed.

You may charge travel costs on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or a combination of the two if applied consistently and if they result in reasonable charges. You may charge meal and mileage at the rates promulgated by the Commissioner of Minnesota Management and Budget, see the [Commissioner's Plan](#) (Chapter 15, Expense Reimbursement).

Equipment

Equipment is nonexpendable, tangible personal property with a unit cost of \$5,000 or more and has a useful life of more than one year. Items that do not meet the equipment definition can be included under supplies. Capital equipment purchased with grant funds must be included in the grant contract agreement. After purchase, they must be tagged, maintained in an up-to-date directory, and available for review. You will have to report to the Coastal Program and NOAA on the state of the equipment every two years until the fair market value is \$5,000 or less.

Records for grantee-owned equipment used on a project must include only the time used for the project and the computation used to arrive at the charged use rate.

General use equipment (e.g., computer, faxes, etc.) must be used 100 percent for the proposed project if charged directly to the grant.

Supplies

The grantee may purchase materials and supplies to achieve outcomes/activities stated in the project description and reflected in the approved budget.

You must obtain and submit an invoice or receipt from the vendor to provide evidence of the sale/service. The documentation must be legible and include the following items:

- Name and address of the vendor
- Date the item or service was purchased
- Date(s) 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

Subcontract

See Vendors and Subcontractors on page 6.

You must obtain and submit an invoice or receipt. The same requirements as for Supplies apply.

Construction

Construction activity is allowable only when the State specifically authorizes such activity.

Generally, 'construction' costs fit in another cost category such as subcontract, personnel, supplies and/or equipment.

You must provide detail for administrative and legal expenses; land, structures, rights-of-way, appraisals, etc.; relocation expenses and payments; architectural and engineering fees, project inspection fees; site work; demolition and removal; equipment; contingencies; and program income.

Other

Other costs are expenses not included in previous categories. You may not charge for alcohol, contingency, entertainment, and fundraising.

Conferences and Trainings

All costs associated with training or conference activities should be placed in the "other" category except costs for consultant(s) and/or contractual. Allowable conference costs paid by the Grantee as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the award. As needed, the costs of identifying, but not providing, locally available dependent-care resources are allowable.

Land Acquisition Requirements

The DNR can transfer funds to the grantee one business day prior to the closing date through an EFT, or MMB will provide a wire transfer to a third-party Title Company the day of the closing. You must submit all pre-closing documentation at least ten business days in advance of the closing date to allow the State to review the paperwork, notify the grantee of any missing or incomplete land acquisition documentation, and process the request.

Please see your grant contract agreement for step-by-step land acquisition procedures and requirements.

Indirect

Indirect costs are those costs incurred for common or joint objectives which cannot be readily identified with an individual project or program but are necessary to the operations of the organization.

You may charge indirect costs based on the approved Indirect Cost Rate Agreement submitted with your application by applying the current federally negotiated indirect cost rate(s) to the approved base(s).

If you have not negotiated an indirect cost rate, you may charge a 10% de minimis of the Modified Total Direct Costs (MTDC). MTDC includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward. MTDC excludes equipment, capital expenditures, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward more than \$25,000.

Financial Reporting Forms Instructions

You may download the Financial Reporting Forms (Excel spreadsheets) from our [website](#). The Financial Reporting Forms for Annual and STAR projects are similar and function the same way. Each has an invoice and worksheets to record expenses in the appropriate budget categories. You must use and submit the forms to request reimbursement and report on the match activities for your grant.

Invoice

The Invoice tab is a mix of locked and unlocked cells. This is the only worksheet that must be completed and signed. There are instructions at the bottom of the page on how to complete the Invoice. The information you enter on to this tab will populate cells on other tabs (Federal Award Number, Project Number, and Contract and PO Numbers).

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Invoice - Reimbursement Request												
2	Use this Minnesota Department of Natural Resources invoice form for Minnesota's Lake Superior Coastal Program grant projects.												
3	See instructions at the bottom of the page												
4													
5	Grantee										Invoice Number		
6	Grantee Remit to Address										Invoice Date		
7	Project Number		Project Title								Invoice Total	\$0.00	
8	Federal Award Number												
9	Contract Number		PO Number						Period Covered by Request (start date)	to	(end date)		
10													
11	Total Amount Awarded												
12													
13	Submitted by:	(name)	(phone)	(email address)									Submit to mlscp.dnr@state.mn.us
14													
15	<i>All funds must be direct and necessary for project outcomes.</i>												
16													

To generate the “Current Invoice” and “Match Current Invoice” columns (STAR: “Grant Costs”; “Match Costs”), complete the corresponding budget category tabs. You only need to enter information on the tabs for which you are recording project expenses (grant or match).

In the Annual Forms, the Invoice is set up to print landscape; for STAR, it will print in portrait. When complete, sign the invoice and submit in PDF or excel.

Category Specific Tabs

Complete every column as appropriate. Include the total cost. Break out the total cost between what you want reimbursed by the grant and what you are providing as match costs. In the Documentation Attached column, you may type the supporting documentation submitted or use the drop-down menu

to select 'yes' (attached) or 'no' (not attached/applicable). The worksheets are unlocked, however there are formulas built in. In all but Equipment, there is an error checker. It will tell you if the sum of the 'Grant' and 'Match' columns are equal to the 'Total' column.

	0.00
	\$0.00
Check Numbers	

FIGURE 1: GRANT AND MATCH DO NOT EQUAL TOTAL

	0.00
	\$0.00
Cleared	

FIGURE 2: GRANT AND MATCH EQUAL TOTAL

Personnel-Fringe

You may document all activities on this worksheet OR submit timesheets and summarize the activities on this worksheet.

You must include the date of activity, or the range included. You must include the total number of hours, the hourly rate, and the fringe rate as well as a brief description of the task(s) completed. You must break out the 'Total Salary' into what you are charging to the grant or providing as match.

Travel

Enter the date of travel and a brief description, include mode of travel. Under Location, include where you started and where you traveled to, note if it is a round trip. Include the total miles and the rate charged for reimbursement (e.g., \$0.56/mile). Note the cost of meals/sustenance or per diem.

Equipment

If renting, include the rate (\$/hour or \$/day) and the total cost of the rental (Column E).

If purchasing, include the total purchase cost (Column F).

Supplies

Include the Vendor/store name, a brief description of the supplies, and, if not self-explanatory, their purpose.

Subcontract

Include Invoice number; ensure the invoices states the dates of service and description of services provided.

Construction

See your grant contract agreement for specifics.

Other

Along with the information requested, include a brief description of the supporting documentation (i.e., sign in sheets, room rental agreement, receipts).

Indirect

Include the date range for the rate, the rate charged, and the categories included in the calculation.