

BWSR Grants Verification Policy and Process

BWSR Academy October 31, 2012

“Grants Oversight Never Felt Better”

Agenda

- * The scope of the business. How many programs?
How many grants?
- * The history of the policy, and Why is this important?
- * Small group exercise.
- * What we've seen, and What we've learned.
- * What to expect in a verification and how to prepare.
- * Our plan from here.
- * Questions

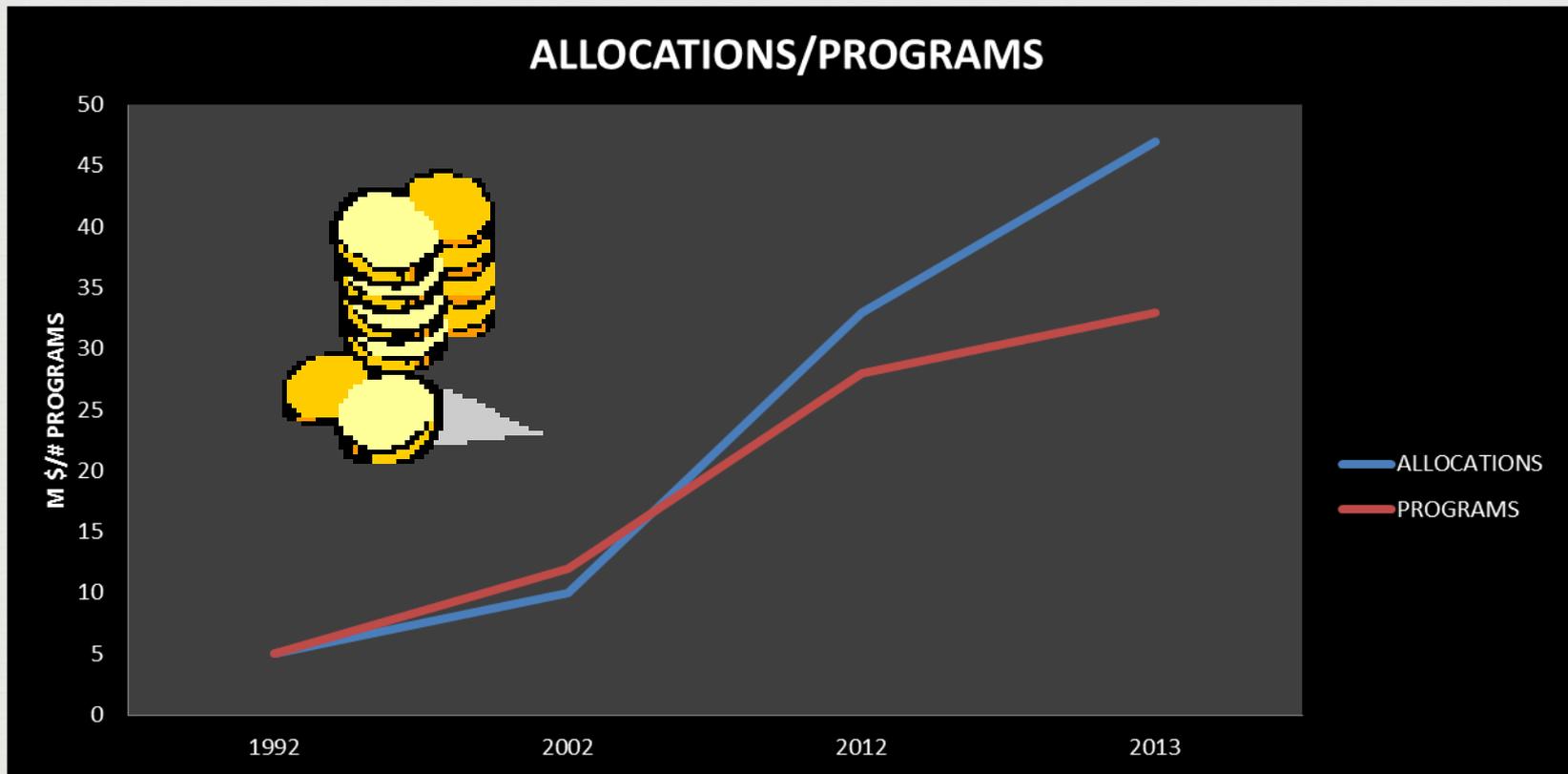
ANNUAL ALLOCATIONS

THAT'S
A LOT OF
MOOLAH!



\$33,000,000 ('12)
\$47,000,000 ('13)
EST.

ANNUAL ALLOCATIONS & PROGRAMS



28 GRANT PROGRAMS



- ❧ CWF Accelerated Implementation Grants
- ❧ CWF Clean Water Assistance
- ❧ Community Partners
- ❧ Conservation Drainage
- ❧ Cooperative Weed Management
- ❧ CWF Feedlot
- ❧ CWF SSTS Abatement
- ❧ CWF Well Sealing
- ❧ Administrative Services - Red River Basin Commission
- ❧ Area II
- ❧ DNR Shoreland Base
- ❧ Easement Implementation
- ❧ Easement Services
- ❧ Farm Bill Assistance
- ❧ Grass Lake Project - Kandiyohi County
- ❧ General Services (Conservation Delivery)
- ❧ Lake Protection Amendments FY11
- ❧ LWM Base
- ❧ MPCA FY11 Performance Credit
- ❧ MPCA Feedlot Base
- ❧ MPCA SSTS Base
- ❧ NPEA Base
- ❧ PRAP Assistance
- ❧ Resources Planning and Protection - MN River JPB
- ❧ Shallow Lake Shoreland Protection - Ducks Unlimited
- ❧ State Cost Share Base
- ❧ Southern MN Flood Recovery
- ❧ WCA Base

926 GRANTS



264 LGUs



WHAT DID YOU DO
WITH THE MONEY?

WHAT IS GRANT REPORTING



EXPENDITURES

❧ What did you buy?

1. Administrative Services
2. Technical Services
3. Material
4. Land or Water Treatment
 - Pollution Reduction Estimates
 - Outcomes

VERIFICATION



SHOW ME WHAT YOU
DID WITH THE
MONEY

GRANT AGREEMENT



State Audits

“Under Minn. Stat. § 16B.98, subd. 8, the Grantee’s books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this Grant Agreement or transaction are subject to examination by the State. . . .”

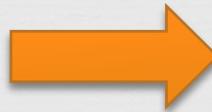


VERIFICATION



WHAT DID YOU BUY ?

- Administrative Services
- Technical Services
- Material
- Land or Water Treatment
 - Pollution Reduction Estimates
 - Outcomes



DEMONSTRATION OF EXPENDITURES

- Receipts
- Payroll
- Contracts
- Position Descriptions
- Quickbooks
- IFS
- Canceled Checks
- Other

Grants Verification Background and Purpose



*Let me tell
you all
about it*



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of Administration
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Welcome to the Office of Grants Management

The mission of the Office of Grants Management (OGM) is to standardize, streamline and improve state grant-making practices and to increase public information about state grant opportunities.

Information and resources available on this website for state employees involved in grant making include:

- [State Grants Policies](#)
- [Minnesota Statute](#)
- [Grant-Making Forms](#)
- [Training Materials](#)
- [Professional Development Links](#)
- [Best Practices](#)
- [Federal Grants Links](#)
- [Upcoming Events](#)
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- [About the OGM](#)

Contact the Office of Grants Management:

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OGM Policies

- * Policy 08-08 requires annual financial reconciliation for grants with **advance payments**.
 - * (Reimbursement preferred method of making grant payments)
- * Policy 08-10 sets monitoring and reconciliation requirements for grants greater than \$50,000 and other additional requirements for grants greater than \$250,000.
 - * Documentation of monitoring required

Advance Payment Grants

- * Most of BWSR Grants
- * Lump sum up front
- * Rare in State Government
- * Most flexibility for LGUs



OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

FINANCIAL AUDIT DIVISION REPORT

Minnesota Board of Water and Soil Resources

Internal Control and Compliance Audit

July 1, 2007, through December 31, 2009

May 27, 2010

Report 10-18

FINANCIAL AUDIT DIVISION

Centennial Building – Suite 140

658 Cedar Street – Saint Paul, MN 55155

Telephone: 651-296-4708 • Fax: 651-296-4712

E-mail: auditor@state.mn.us • Web site: <http://www.auditor.leg.state.mn.us>

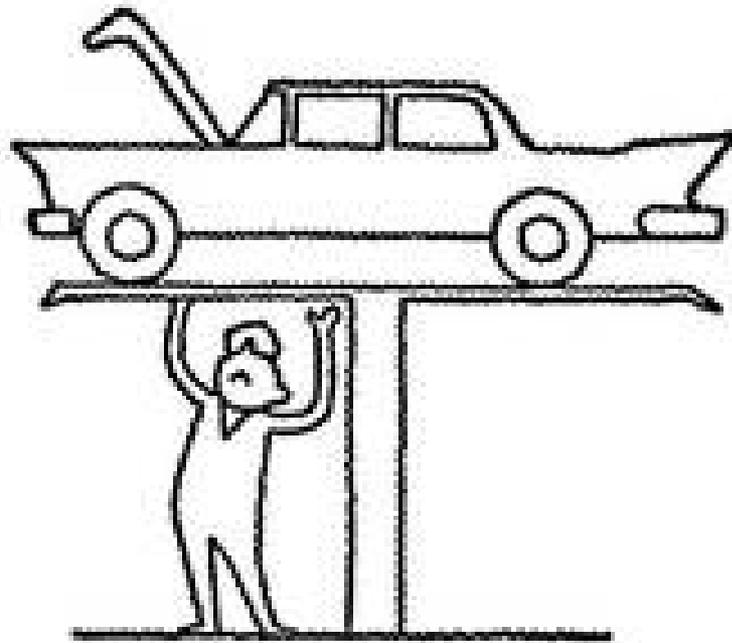
Through Minnesota Relay: 1-800-627-3529 or 7-1-1

Key Findings and Recommendations

OLA Report 2009

- * **The Board of Water and Soil Resources did not fully implement Office of Grants Management oversight policies:**
 - * Did not have **standardized procedures or documented evidence to substantiate grant-monitoring activities.**
 - * Electronic system reports (eLink) did not contain **sufficient detail** to determine the appropriateness of the expenditures
 - * The board **did not timely reconcile** granted funds to actual grantee expenditures, as required by state policy 8.

We Gotta Fix This!



Work Team Guiding Principles

- Electronic system
- Consistent to all programs/grants
- Manageable to BWSR and LGU staff
- Meet OGM Policies
- Not a police action, purpose is not to punish

BWSR Grants Monitoring, Reconciliation, and Verification policy

This policy is adopted in response to the recommendations contained in the OLA Report dated May 27, 2010. The implementation of this policy is intended to put BWSR into compliance with OGM policies 08-08 and 08-10.

BWSR Board Policy: June 2011

- * The BWSR Grants Monitoring, Reconciliation, and Verification policy requires:

- That BWSR staff **annually monitor** all grants;

- That all competitive conservation program grants be paid in three **scheduled payments** and;

- That **financial verification** of grant reconciliations be performed on ten percent of all BWSR grants annually.

- * This policy implemented beginning FY 2012.

Exception Requests

- * Crucial
- * Protect advance payments
- * 50-40-10 scheduled payments
- * 10 % random verifications – all grants
- * Document, Document, Document

- * Random Verification Audits- - backbone of Exception Requests

Verification Site Visits

- * 9 counties annually
- * All grants base and competitive
- * Financial focused not project focused
- * Track the dollars
- * Verify grants 2 years previous and open grants
- * In place of full reimbursement process

Verification Site Visits

- * Completed 9 verifications 2011 -2012
 - * Meeker, Pope, Mahnomen, Aitkin, Carver, Stearns
Freeborn, Goodhue, Nobles
- * 3 More Fall 2013
 - * Chisago, Morrison, Watonwan
- * BWSR staff team

Why is this important to do?

- * OGM, OLA- it's a “gotta do”
- * \$70 million CWF, \$52 Million RIM
- * Public demand more accountability
- * What would you expect if someone borrowed money from you

For example ...



What We've Seen

- Receipts missing.
- Receipts don't reconcile with eLINK reports.
- Unspent grant funds not returned within time allowed by grant agreement (i.e., 30 days after expiration).
- Time reported for program activities does not add up to amount of grant.

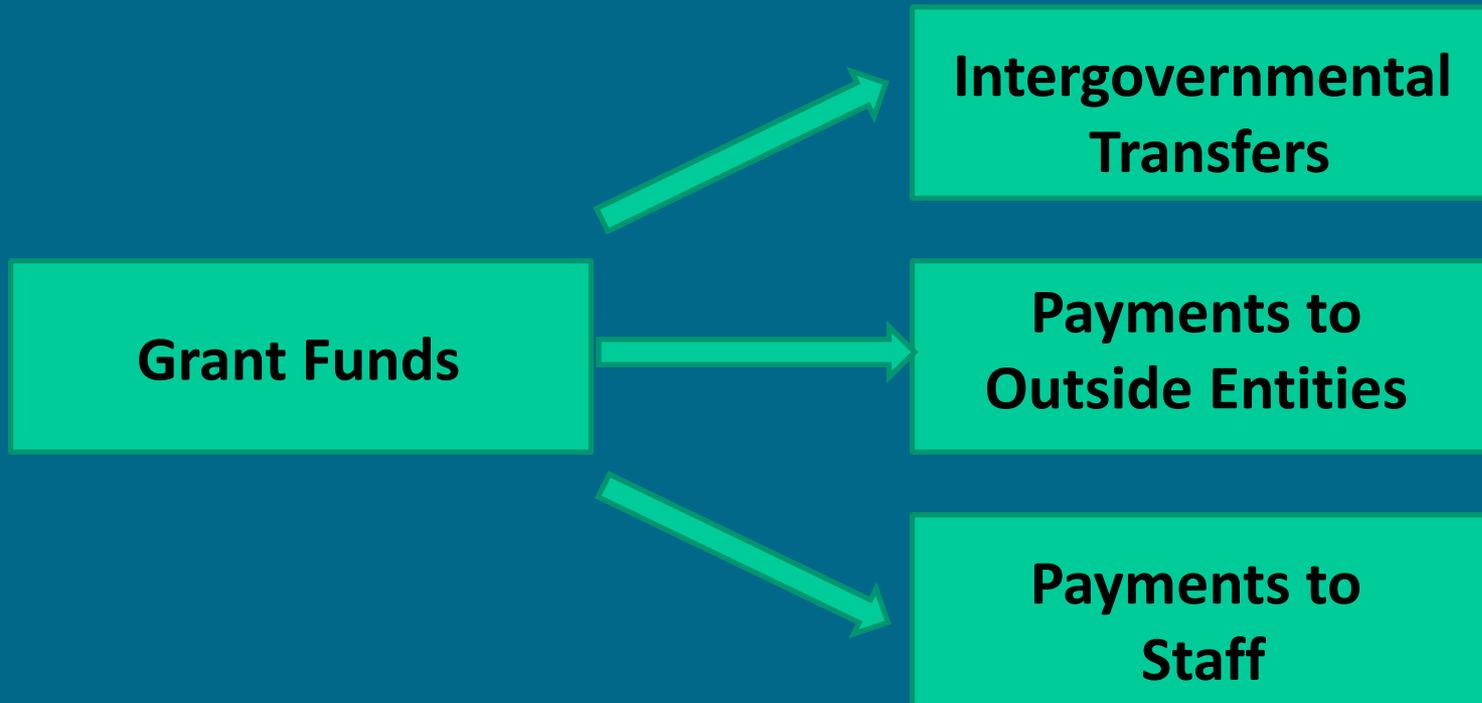
What We've Learned

- There's a lot of variety out there.
- We learn a lot about local capacity.
- Time tracking needs improvement.

What We've Learned

- Intergovernmental transfers can be the most difficult to track.
- Tracking as it happens is a lot easier than reconstructing, after the fact.
- Grant reconciliation/verification takes time.

What To Expect When You're Being "Verified"



Time Tracking: What We Need

- Paystubs
- Hours charged to the grant by employee
- Documentation of actual charges
- Position descriptions

- And, ideally, *your* accounting of time.
Examples:

Project Tracking: What We Need

- Receipts from the landowner
- Receipts from the contractor
- Documentation about what the landowner pays versus what the LGU pays (i.e., a cost-share or allocation voucher)

What Else?

- Also: documentation of “match.”
- Not just time tracking, but evidence of time well spent. *Program* tracking.
- All should “square” with eLINK reports.

Levels of Noncompliance

1. Departure from recommended administrative procedures

- ❑ sloppiness

2. Deviation from required administrative procedures

- ❑ lack of detail to justify an expense or payment

Levels of Noncompliance

3. Deviation from required BWSR program rule and policy procedures

- ❑ missing signatures or dates on conservation contracts

4. Statute, rule, and policy or grant agreement violation

- ❑ missing documentation to justify an expense or payment
- ❑ expenditure of funds outside the grant agreement

What's Next

- * Revise process
- * Select 6 more victims
- * Complete Verifications January - April 2013
- * FY 11 year
- * Develop better guidance