



Incentive Guidelines for MDH Grantees

Applicability:

This guidance applies to:

- All MDH grantees that have MDH approval to purchase and or distribute incentives as part of its MDH grant activities.
- Grants funded with state and or federal dollars.
- Any subgrants or subcontracts the grantee enters into; the grantee is responsible for monitoring its subgrantee or subcontractor in accordance with the terms and conditions stated in their MDH grant agreement.
- All types and denominations of incentives, which are defined below.

This guidance does not apply to non-MDH funding the grantee may receive.

Rationale:

If a grantee is going to purchase and distribute incentives defined below as part of its grant activities, the grantee must have written policies and procedures addressing the purchasing, distributing and security of incentives. The grantee must safeguard incentives and ensure they are only used for MDH grant authorized purposes. Pre-paid gift cards are the same as having cash on hand and must be treated as such. The costs of incentives are to be reasonable¹ and in compliance with any grant agreement or funding restrictions, terms, and conditions.

Definitions:

It's important to understand the difference between an incentive and a stipend. MDH differentiates the two as follows:

Incentives. Items purchased with grant funds; used to encourage participation in the specific grant program in order for the grantee to adequately fulfill the goals and objectives of the grant program. Incentives may be in various forms, including but not limited to pre-paid gift cards and

¹ A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the grantee is predominantly federally funded. In determining reasonableness of a given cost, see 2 CFR 200.404.

other reasonable items that can be associated with the programmatic goals and objectives of the grant.

Stipends. Payment given to an individual who provides work or service for the grant itself, without being a grantee employee. For example, a stipend given to advisory board members who spend two hours/month per year helping develop and/or guide the program. Another example would be a peer mentor who goes out into the community to teach others about HIV/AIDS transmission and protection.

Roles and Responsibilities:

Grantee:

- Grantees are required to have written policies and procedures in place addressing the purchasing, security, distribution, and asset tracking of incentives.
 - All grantee staff involved in the purchase, distribution, security, and reconciling of incentives must be trained on the grantee's policies and procedures prior to placing any order for incentives.
 - Policies and procedures must, at a minimum, include all provisions outlined in the Incentives clause of the grant agreement.
 - The grantee's policies and procedures must include proper separation of duties:
 - More than one grantee staff person must be involved in managing and handling of the incentives.
 - Staff who authorize the purchase of the incentives must not have sole physical access to the incentives.
 - Staff who will have physical access to the incentives cannot have sole access to modify the incentive records.
 - Any handoff of incentives from one staff person to another must be documented.
- Grantees are responsible for ensuring incentives are used only for purposes approved by MDH.
- Grantees are responsible for ensuring the following distribution requirements are met:
 - Only one incentive can be given to an individual per occurrence or event.
 - Undistributed incentives must always be kept in a secure location.
 - Incentives must never be stored in personal homes, vehicles, or any other location that is not the grantee's business location.
 - Incentives must be securely stored in the grantee's business space.
 - Grantees may purchase and maintain no more than three months' worth of incentives at any given time.

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- The three months' supply must be based on the most currently approved work plan.
- All incentives must be distributed before additional incentives are purchased.
- The Grantee must only invoice MDH for the incentives after they've been distributed.
- Grantees must use a tracking system that will document purchased and disbursed incentives. The tracking system can be kept electronically or in paper form, cannot contain any identifying and or private participant data, and must record the following:
 - Number of incentives on hand, including starting balance and any additional incentives purchased,
 - description of the incentive,
 - quantity of incentive(s) received by each participant,
 - the last four digits of any pre-paid card number,
 - value/amount,
 - a unique non-identifiable data point for each participant (e.g. case number, file number),
 - date participant received incentive(s), and
 - signature of grantee staff member providing incentive(s) to participant.
- Grantees must reconcile incentives at least quarterly.
 - At least two grantee staff must perform the reconciliation.
 - Staff conducting the reconciliation must not also be the handlers of the incentives.
 - Reconciliation documentation must include the dates and signatures of the two people who perform the reconciliation.
 - Reconciliation documentation must be submitted to MDH's Authorized Representative no less than two weeks after each reconciliation.
- Grantees are responsible for monitoring, oversight, and reconciliation of any incentives purchased or distributed by subcontractors or subgrantees.
 - Grantees must communicate and verify that subcontractors/subgrantees use incentives only for MDH approved purposes.
 - The incentives clause language from the MDH grant agreement must be included in all subgrants/subcontracts related to MDH funded work.
- Grantees are responsible for the costs of any incentives that remain undistributed at the end of the Grant Agreement.
 - Grantees bear full financial responsibility for any incentives that are unaccounted for, lost, or stolen.
- If MDH provided the grantee with incentives:

- Undistributed incentives must be returned to MDH in person with MDH's Authorized Representative within 30 calendar days of the grant expiration date.
- If in-person return is not possible, incentives must be returned via courier or U.S. Mail with signature confirmation and a tracking number within 30 calendar days of the grant expiration date.
- The incentive tracking log must be returned separately from the physical incentives. Electronic return of the tracking log is preferred.

MDH:

- Informing grantees of any special restrictions, limitations or conditions that relate to the use of incentives in the grant agreement. Examples: including specific logos, not surpassing maximum value(s), ineligible incentives.
- Ensuring grantee followed their policies and procedures regarding purchasing and asset tracking.
- Reviewing, and monitoring, grantees use and tracking of the incentives. This includes ensuring grantee has completed quarterly incentive reconciliations.
- May reconcile incentives when on site at the grantee's location.
- Taking appropriate action for non-compliance, which may include, but is not limited to, withholding grantee payment.

Related Information

1. Uniform Administrative Requirements, Cost Principles located at 2 CFR Part 200
2. Minnesota Office of Grants Management Policies
3. MDH Grant Agreement/Amendments

Failure to Comply

For grantees who do not have effective written policies and procedures in place before purchasing incentives, MDH reserves the right to withhold payment and or request reimbursement in the amount equal to the unallowable costs. Withheld payments will be released if and when the grantee provides documentation to MDH that it has written effective policies and procedures in place. Grantees who do not comply with these guidelines may be subject to increased monitoring and will be offered technical assistance. MDH also reserves the right to terminate a grant agreement for failure to comply with these requirements.

Questions:

MDH grantees with questions regarding this guidance should contact their MDH Grant Manager.

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To obtain this information in a different format, please send request to your MDH Grant Manager.