



# Incentive Guidelines for MDH Grantees

## Applicability:

This guidance applies to any MDH Grantee that has MDH approval to purchase and/or distribute incentives as part of its MDH grant activities. This applies to grants funded with State and/or Federal dollars.

This guidance also applies to any subgrants or subcontracts the Grantee enters into and the Grantee is responsible for monitoring its subgrantee or subcontractor in accordance with this guidance.

This guidance applies to both physical gifts cards as well as electronic gift cards.

This guidance does not apply to any 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, it will be required to have written policies and procedures addressing the purchasing, distributing and security of incentives. The grantee must safeguard these incentives and ensure they are only used for authorized purposes. Incentives may be in various forms, including but not limited to, pre-paid gift cards, water bottles, stress balls, give-away items, and other reasonable items that can be associated with the programmatic goals and objectives of the project. 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 reasonable<sup>1</sup> and in compliance with any grant agreement 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.

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<sup>1</sup> 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.

**Stipends.** Payment given to an individual who provides work or service for the program itself, which benefits others. 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 must follow their current purchasing policies and procedures.
- Grantees must have, and follow, an asset tracking policy and procedure. Incentives are considered assets.
- Grantees must provide MDH with a copy of their purchasing and asset tracking policy and procedures before purchasing any incentives.
- Grantees must train grantee staff on purchasing and asset tracking policies and procedures.
- The grantee's asset tracking policy and procedure must include proper separation of duties:
  - More than one grantee staff person must be involved in the handling of the incentives.
  - The person authorizing the purchase of the incentives cannot have physical access to the incentives.
  - The people who will have physical access to the incentives cannot have access to modify records.
  - Unused incentive instruments must be safeguarded at all times.
- Grantees must use a tracking system that will document purchased and disbursed incentives. Tracking system can be kept electronically or in paper form, as long as it is compliant with these requirements. **The tracking system cannot contain any identifying and or private participant data.** The tracking system, provided by the MDH Grant Manager, 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,
  - identifying information of the incentive
    - if a gift card is used, include the last four digits of the card number,
    - if a gift card is not used, include, if possible, any other identifying information for each incentive, such as a serial number,
  - value/amount,

## INCENTIVES GUIDELINES FOR GRANTEES

- 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 can determine how to capture staff signature on tracking form.
- Whenever possible at least two grantee staff must reconcile the incentives at least quarterly. This reconciliation confirms and certifies, through their signature, the purchasing, distribution, and on-hand inventory is correct. Grantees must submit the signed tracking form of incentives to MDH after each quarterly reconciliation.
  - In the event purchased incentives cannot be fully distributed during the grant award period, the Grantee has two options, both of which must be discussed with their MDH Grant Manager prior to implementing either option:
    - Option A: Grantee can contact the vendor from whom the incentives were purchased to inquire about returning unused incentives for a refund or a credit to be used for future incentives purchases. Grantee should talk through this option with their MDH grant manager as the funding and/or an upcoming end date of the grant might not allow for a credit. Any credit must be used during the same grant agreement.
    - Option B: Grantee can refund MDH the value of any non-distributed incentives. Those incentives can then be used by the grantee in any way the grantee wants with no ties or responsibilities to MDH.
      - For example: Grantee has \$100 worth of Visa gift cards that were not distributed in the time frame allowed. Grantee wants to keep the incentives and use them for other activities not related to the MDH grant. Grantee must repay MDH the \$100 they were already reimbursed for those incentives and then the incentives become property of the Grantee who is free to use them for other allowable purposes.
      - Grantee and MDH Grant Manager should each keep a copy of the completed reconciliation log showing which incentives were distributed as part of the grant program, which ones were not, and which ones the Grantee is keeping for other purposes. There should be documentation of the amount being repaid to MDH and it should match the value of the incentives being kept by the Grantee.
      - The Grantee can either (a) short pay a future invoice by the amount of the undistributed incentives the Grantee wants to keep for other purposes, the invoice must include clear documentation why it is being short paid; or (b) the Grantee can send a check directly to MDH Accounts Receivable, made out to 'MN Dept of Health, Attn: Accounts Receivable, PO Box 64975, St. Paul, MN 55164-0975. Grantee should include the name of their MDH Contact on the check in case there are issues with the deposit, so MDH A/R has someone to contact. MDH Grant Manager should work with their area's cashier to send a cash receipt form for the check to MDH A/R *prior* to the check's arrival. MDH A/R staff will match up the check (from the Grantee) and

cash receipt (MDH staff) once both arrive. Funds will then be deposited to the MDH funding string listed on the cash receipt.

- Option C: If MDH purchased incentives for the grantee to distribute, and there are incentives not yet distributed at the end the grant agreement, the grantee must return the remaining incentives to MDH within 30 days of the end of the grant agreement. The grantee must contact the MDH Grant Manager to discuss how the remaining incentives will be returned to MDH safely and securely.
  - More than one grantee staff person must be involved in the handling, tracking of, and signing for, unused incentives.
  - Grantee staff must count the remaining incentives, indicate the quantity remaining on the tracking log, and sign/date the tracking log.
  - Grantee must keep a copy of the signed tracking log for their own files.
  - The tracking log must be submitted to MDH separately from the incentives, preferably via email.
  - Grantee must arrange for delivery of incentives to MDH using a delivery that requires a signature upon receipt at MDH (e.g. “Certified Mail,” “Delivery Confirmation,” “Registered Mail,” “Return Receipt”). Alternatively, the grantee can hand deliver the incentives themselves to their MDH Grant Manager at any MDH office locations.
  - Grantee is responsible for the value of any and all unused incentives until incentives are in MDH’s possession, counted, and verified. Grantee will bear the cost of any unaccounted incentives.

## 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 nominal 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.
- Taking appropriate action for non-compliance, which may include but 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.

#### **Questions:**

Questions regarding this guidance should be directed to your MDH Grant Manager.

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