FINANCIAL RECONCILIATION OVERVIEW

The State of Minnesota Office of Grants Management requires state agencies to conduct a financial reconciliation on grants of over $50,000. Financial reconciliation is a standard accounting activity which utilizes typical financial records to compare grant expense claims with supporting documentation, which includes three types of items:

1. **Accounting reports,** such as those generated by accounting software, which summarize all project expenses;
2. **Payment records,** such as bank statements, which verify via an independent source that funds were spent; and
3. **Expense records** such as receipts, invoices, and approved payroll records, which provide written documentation of individual transactions.

Grantees will submit financial reconciliation materials via WebGrants in conjunction with the final report, **due thirty days** after the grant program's project period ends.

NOTE WELL

1. Be sure to include payroll records. They can be ADP or Paycheck summaries that tie to your bank statement, or you can include W2 or 1099 forms (**with private information redacted**) with a note of how much of the person's pay went to the grant in each expense category.
2. Copies of cancelled checks are not required. If the check number for each record is not included in the accounting report it must be included in the expense record.
3. Allocation reports are not required. If you split costs with other projects, note on the expense record how much of the cost applied to the grant project. Notes should include enough detail for the expense record to be tied to the accounting report.
4. You must include ALL expense records for:
    a. Payroll (can be quarterly or annual records) and
    b. **Travel expense records (lodging, mileage, meals and per diem), except payments which do not have receipts (i.e., cab fare).**
5. You do not need to submit expense records for purchased goods and services less than $500, unless they are part of payroll or travel expenses.

ACCESSING THE FINAL REPORT AND FINANCIAL RECONCILIATION FORMS IN WEBGRANTS

1. Login to WebGrants at http://apply.mnartsboard.com/index.do
2. Enter your user ID and password; click Log In.
3. Click My Grants. Current grants will be listed there.
4. Click on the grant title to open a list of WebGrants forms associated with the grant.
5. Click Status Reports.
6. Click on the blue ID number of the status report type "Final Report with Reconciliation." The Financial Reconciliation form is one of the components listed within the Final Report status report.
7. Click on the blue "Financial Reconciliation" component.

FINANCIAL RECONCILIATION FORM

Section 1: Accounting Reports

Attach PDF/Excel files of accounting reports which summarize the project's expenses. This typically takes the form of a general ledger detail report, showing all transactions for the project over the complete project period. Grantees must submit reports which include all Transaction Data for each expense associated with the grant project. Transaction data is defined as follows:

- Transaction date;
- Chart of accounts expense line item (or expense category, such as "supplies");
- Payee information;
- Transaction amount; and
- Transaction number (such as check number).

If check numbers are not provided on the accounting report they must be provided on the expense records in Section 3.

Cash Reports

If there are cash transactions on your accounting reports, attach a copy of the associated cash report. A receipt book may be used as long as it contains all Transaction Data listed above, plus the payee's signature. Examples of cash transactions are:

- Stipends (incentives for project workers)
- Incidental help (usually one time only, such as ushers, ticket takers, sound & light crew)
- Out-of-pocket purchases

Section 2: Payment Records

Attach PDF files of bank or credit card statements showing the expense on the accounting report has been paid. Payment records may include:

- Bank statements;
- Credit card statements

Section 3: Expense Records

Attach PDF files of the required expense records documented on the accounting report attached in Section 1. This will typically include:

- Receipts;
- Invoices;
- Payroll records; and
- Purchase orders.

1. Copies of cancelled checks are no longer required. If the check number for each record is not included in the accounting report it must be included in the expense record.
2. You do not have to submit expense records for purchased goods and services less than $500, except the following categories must include all expense records:
   i. Expense records for all payroll costs, and
   ii. Travel expenses (lodging, mileage, meals and per diem).
3. Allocation reports are not required. If you split costs with other projects, make note on the expense record of how much of the cost applied to the grant project.

HOW TO ATTACH SUPPORTING DOCUMENTS

Attach PDF and Excel files only. Attaching documents in any of the three sections – Accounting Reports, Payment Substantiation Records, and Expense Records – is a two-step process.

1. Add and save document information, creating a new row in the section.
   a) Click the "Add" button/link on the heading bar of the section. This will open an edit form for document information.
   b) The first field in each section's edit form is a drop-down list. Pick the report name, document type, or category that best fits the PDF file that will be attached.
   c) In Section 3: Expense Records part of the form ONLY, enter the total dollar amount of the invoices, receipts, etc. that are contained in the PDF file attachment.
   d) Enter a description in the "Description" box, such as "January-June payroll records."

e) Ignore the "Attach PDF*" prompt for now.
f) Click "Save." You'll return to the main Financial Reconciliation form. A new row of information with a green plus sign icon on the right will appear.

2. Attach the PDF to the new row.
   a) Under the "Attach PDF" column in the new row, click on the green plus sign.
   b) Your browser will guide you through the process of attaching the PDF file to the row. When the file is successfully attached, the name will be displayed in the "Attach PDF" column.

Attachment Tips:

- To **remove an attachment**, click on the red minus sign icon next to the attachment file name. Your browser will guide you through the removal process.
- To **edit the information in a row**, click the blue name or category in the far left column. This is the name or category that you selected from the drop-down list.
- To **delete a row**, open the row for editing, then click "Delete" at the upper right of the form.

MARK COMPLETE AND SUBMIT

1. Complete each section of the form as described above.
2. Click the "Mark as Complete" button in the Accounting Reports header bar. You will return to the components page.
3. Check your work. Even if the form is marked complete, it can be edited up to the time it is submitted.
4. To view before submission, click on the blue "Preview" button. This will display one screen with all information entered, including all attached PDF files.
5. At this point, if you want to keep a copy of the reconciliation form, click the blue "Print to PDF" button and follow the prompts to save a copy.
6. All Final Report forms must be marked as "Complete" before submitting the final report.
7. When you have completed all sections to your satisfaction, click "Submit."

Warning: Once you submit the Financial Reconciliation form, you will be unable to make any changes without Arts Board assistance.

WHAT'S NEXT?

Arts Board staff will examine the Financial Reconciliation form and PDF/Excel files to look for a clear paper trail from your accounting reports to payments and expense documents. There are three possible outcomes.

1. All paperwork is in order.	You will be notified that the Financial Reconciliation has been accepted.
2. With the exception of a few minor findings, the paperwork is in reasonable order.	You will be notified that the Financial Reconciliation has been accepted, and also note our findings, which will help you with future reconciliation efforts.
3. Paperwork is missing some key data.	You will be notified that we cannot accept the Financial Reconciliation as is. The reconciliation form will be opened for correction and you will be assisted with any issues.

FOR QUESTIONS OR HELP

For questions about the content of the form, please contact:

Charles "Charlie" Scheele, Accounting Technician
Charles.Scheele@state.mn.us.....(651) 215-1601

For questions about the technical aspects of the form, or about electronic submission, please e-mail the Arts Board at: apply@arts.state.mn.us

You may also call the number below to discuss technical issues, but e-mail is preferred.

Tom Miller, WebGrants project manager.....(651) 215-1611

All staff can be reached toll-free at .....(800) 866-2787