



Financial Management and Reporting

Agency Policies and Procedures

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Management for Political Subdivision Capital Grants

Policy Objectives:

Agency policies and procedures for the proper management of grants to political subdivisions are designed to:

- Provide a series of guidelines to use in administering a grant through Admin,
- Establish requirements for grantees,
- Provide security for State resources, and
- Enforce *bond proceeds* requirements.

Background Information:

The legislature appropriates funds to state agencies for political subdivisions in the form of grants. These grants are administered by the agency designated by the legislature. This policy will provide a systematic procedure in dealing with the grants given to Admin.

Authority:

- **Minnesota Statutes**
 - [M.S. § 16A.695 Property Purchased with State Bond Proceeds](https://www.revisor.leg.state.mn.us/statutes/?id=16A.695) – This statute provides the requirements for acquiring or improving property with state bond proceeds. The requirements on the disposition of property acquired with state bond proceeds are also provided. (<https://www.revisor.leg.state.mn.us/statutes/?id=16A.695>)
 - [M.S. § 16B.335 Review of Plans and Projects](https://www.revisor.leg.state.mn.us/statutes/?id=16B.335) – This statute requires that appropriations awarded to political subdivisions are used to acquire or improve public lands or buildings. The grantee must prepare plans and have them reviewed by the legislature and Admin's commissioner. (<https://www.revisor.leg.state.mn.us/statutes/?id=16B.335>)
- [MAPS Operations Manual Policy and Procedures 0302-04](http://www.mmb.state.mn.us/chapter-3/228-228) requires a review by the agency administering the grant to prove that the recipient of the grant has the ability and a plan to fund the program intended for the facility. (<http://www.mmb.state.mn.us/chapter-3/228-228>)

Business Risks:

Noncompliance and/or inconsistent application of these policies increases the possibility for:

- Improper use of bond proceeds,
- Incomplete projects, and
- Projects not used as the legislation intended.

Policies and Procedures:

1. Appropriations are given to political subdivisions as grants for pre-design/design or capital improvement projects.

- A. Grant administrator acquires a copy of the capital improvement appropriations from the *Laws of Minnesota* at the conclusion of each legislative session.
 - B. Grant administrator identifies appropriations given to political subdivisions as grants to be administered by Admin.
2. Grant administrator prepares and distributes a packet of information to be sent to the grantees (political subdivision) concerning grant requirements. The packet includes:
 - A. [M.S. § 16A.695](#) and the Commissioner Of Minnesota Management and Budget's Order,
 - B. Order Amending Order Of Commissioner Of Minnesota Management and Budget Relating To Use And Sale Of State Bond Financed Property,
 - C. Checklist for Use Agreement,
 - D. [M.S. § 16B.335](#) Predesign Requirements,
 - E. [M.S. § 16B.335](#) Design Review Requirements By Legislative Committee Chairs,
 - F. Expenditures Eligible For State General Obligation Bond Financing,
 - G. Capital Appropriations With Program Funding Review Requirements,
 - H. Pre-design/Design Grant Agreement (Pre-design/design grants only),
 - I. Construction Agreement (Construction grants only),
 - J. Disbursement Agreement (Construction grants only), and
 - K. End Grant Agreement (End grants only).
 3. Grantee contacts grant administrator to discuss terms and conditions of the grant. If grantee does not respond to the grant administrator within 90 days, grant administrator will contact the grantee. Thereafter, the grant administrator will be in contact with the grantee at least once a year to determine status of the grant project.
 4. Grantee must submit a pre-design document to the Division of State Building Construction within Admin for review and approval. (Construction grants only)
 5. Once pre-design is approved, the grant administrator presents the program plan and cost estimates for all elements necessary to complete the project to the chair of the senate finance committee and the chair of the house ways and means committee. After the chairs have made their recommendations, the chair of the house capital investment committee is notified. The comments made by the chairs are forwarded to the grantee as recommendations for the project. (Construction grants only)
 6. A letter will be sent to the Department of Minnesota Management and Budget (MMB) and any other appropriate agencies indicating our intent to proceed with the grant agreement and requesting any additional information they may have on this project.
 7. If the project is being operated by an organization other than the grantee a *use agreement* is required. The use agreement is submitted to the grant administrator who forwards it to MMB for approval. (Construction grants only)
 8. If a program or service is being provided in conjunction with the project, the grantee must be approved by the Non-Profit Review Committee coordinated by MMB. (Construction grants only)
 9. Grant administrator is responsible for completing the boilerplate grant agreement that was authored by the Attorney General's Office.
 10. Processing of the completed grant agreement is as follows:
 - A. Four copies of the grant agreement are sent to the grantee for review.
 - B. Grantee signs the grant agreement copies and returns all copies to the grant administrator.
 - C. Grant agreements are forwarded to Admin's Commissioners Office for review and approval.

- D. Two fully executed copies are retained by the grant administrator for internal records, and the remaining two copies are returned to the grantee.
- 11. Grant administrator verifies that the terms and conditions of the agreement have been met prior to beginning the project.
- 12. Grantee proceeds with the pre-design/design project. (Pre-design/design grants only)
- 13. Grantee must file a *declaration* in the county where the project is located. (Construction grants only)
- 14. Grant administrator requests that MMB enters funding into the appropriation in MAPS.
- 15. Grant administrator disburses the funds based on the grant agreement in one of the following methods:
 - A. Full disbursement - The entire grant is disbursed, and the grantee is required to report on all expenditures quarterly until the completion of the project. (Pre-design/design grants only)
 - B. Partial disbursement – A portion of the grant is disbursed when requested and used for expenditures. The grantee must report quarterly all expenditures to the grant administrator. (Pre-design/design grants only)
 - C. Reimbursement – The grantee requests reimbursement for expenditures. (Pre-design/design, construction, or end grants)
 - 1. Monthly disbursements
 - a. Grantee provides one copy of each invoice to the grant administrator for reimbursement.
 - b. Grant Administrator reviews invoices assuring that all expenses are allowable.
 - c. Grant Administrator contacts grantee with questions or concerns on invoices.
 - d. Grant Administrator reimburses grantee for allowable expenses.
 - 2. Total disbursement - The grant administrator disburses the full grant once the *Certificate of Occupancy* is received. (End grant only)

See Also:

Refer to the [Glossary](#) for definitions of the key terms listed below:

bond proceeds	match requirements
certificate of occupancy	political subdivision
construction grant	pre-design
declaration	use agreement
end grant	