

**GRANT GUIDELINES**  
**Arts and Cultural Heritage Fund**  
**Minnesota Department of Administration**

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**Section I: Overview**

**A. Statutory Authority**

Under [Minnesota Laws, 2013, Chapter 137, Article 4, Section 2, Subd. 6](#), Arts and Cultural Heritage funds have been appropriated to the Department of Administration (State) for grants and purposes specified in the subdivision. Up to one percent of funds may be used by the State for grants administration. Grant agreements entered into by the State and recipients of appropriations in this subdivision *must ensure that money appropriated in this subdivision is used to supplement and not substitute for traditional sources of funding.*

**B. Priorities**

Per the Legislative Guide: Principles for Use and Expected Outcomes of Funds from Dedicated Sales Taxes adopted March 24, 2010, the funding priorities of the Arts and Cultural Heritage Fund (ACHF) include:

1. Investments in public broadcasting should expand Minnesotan's knowledge, information, and access to arts, and Minnesota's history and cultural heritage.
2. Investments in arts, history, music and cultural activities that demonstrably help student achievement in schools.
3. A sustainable climate in which artists can live and work.
4. Funded activities can be successful beyond the life of the ACHF.
5. A study of creative skill, a process of using creative skill, a product of the creative skills, or the audience's experience with the creative skill.
6. Lifelong educational activities meant to impart knowledge, teaching a new creative skill, or further developing an existing skill in any arts discipline.
7. Both tangible and intangible cultural heritage.
8. Historic resources will be preserved for future generations.

**C. Outcomes**

A project or program receiving funding from the arts and cultural heritage fund must include measurable outcomes, and a plan for measuring and evaluating the results: [M.S. 129D.17](#). Per the [Legislative Guide: Principles for Use and Expected Outcomes of Funds from Dedicated Sales Taxes](#) adopted March 24, 2010, the desired outcomes for the ACHF include:

1. Arts, culture and history will be interwoven into every facet of community life.
2. There will be an increase in the number of Minnesotans of all ages, ethnicities, abilities and incomes who participate in the arts, culture and history.
3. People will trust Minnesota's stewardship of public arts, culture and history funding.
4. Arts, culture and history will thrive in Minnesota.
5. Increased student exposure to professional performing arts, and the work of professional artists.
6. Increased number of K-12 students who can affordably learn to read music and play a music instrument, participate in dance, choral, drama and other performing arts for which financial barrier can limit access to this educational experience.
7. Increase in the visual and literary artists in Minnesota who report that they earn over half of their income from their art.
8. Increase in the locally focused content and Minnesota focused content produced by public television and radio, and an increase in the number of local artists, historians, writers and other that have their work showcased through public broadcasting.
9. Increased knowledge and awareness of the way that history affects people's lives and how that knowledge can help people make informed decisions for the future.

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<b>Section II: Accountability</b>
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**A. Reporting and Monitoring Schedule**

Month	Activity
<b>January 15</b>	<b>Annual report due</b> to the Legislature, the State, the Legislative Coordinating Commission, and the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over arts and cultural heritage policy and finance
<b>February - May September – November</b>	<b>Targeted monitoring activities</b> performed including site visits, desk reviews, and financial reconciliation
<b>August 1</b>	<b>Semi-annual</b> report due to State

\*\*This schedule excludes additional reporting/ documentation, if required, to support and substantiate invoices submitted for payment reimbursement.

**B. Annual Report**

By January 15 of the applicable fiscal year, or as soon as applicable, whichever comes first, all recipients **must** submit the following information directly to the Department of Administration, the Legislative Coordinating Commission, and the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over arts and cultural heritage policy and finance regarding how the previous year's grant funds were expended. This information must also be entered on the Legacy Website [www.legacy.leg.mn](http://www.legacy.leg.mn) Please reference the following:

- [M.S. 3.303, Subd. 10](#)
- [M.S. 129D.17, Subd. 2 \(d\)](#)

This report must contain the following information:

- I. The name of the project and project description;
- II. The name, telephone number, members of the board or equivalent governing body, and e-mail address of the funding recipient and, when applicable, the Web site address where the public can directly access detailed information on the recipient's receipt and use of money for the project;
- III. The amount and source of funding, including the fiscal year of the appropriation;
- IV. The amount and source of any additional funding or leverage;
- V. The duration of the projects;
- VI. The number of full-time equivalents funded under the project;
- VII. The direct expenses and administration costs of the project;
- VIII. Actual measured outcomes and evaluation of projects as required by statute.
- IX. Specific information for each program produced and broadcast, including the cost of production, the number of stations broadcasting the program, estimated number of listeners, and other related measures. If the programs produced include educational material, the noncommercial radio station must report on these efforts.

Past reports may provide guidance on report format. They can be found through a search of the [Legislative Reference Library](#) or the [Legacy](#) websites.

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**C. Semi-Annual Reporting**

The Grantee must submit to the Department of Administration a semi-annual fiscal and narrative report in August. The fiscal information can be met by submitting the Office of Grants Management reimbursement spreadsheet reflecting the most recent payment. The narrative report must include a summary of the outcomes of the current fiscal year's funded project activities. \*This narrative reporting requirement may be met through monitoring activities and the tool used to conduct those activities in the same fiscal year.

**D. Monitoring**

It is the policy of the State of Minnesota to conduct at least one monitoring visit per grant period on all state grants of over \$50,000 and to conduct at least annual monitoring visits on grants of over \$250,000.

- [Minnesota Statutes §16B.97](#)
- [Office of Grants Management Policy 08-10](#)

State agencies must also conduct a financial reconciliation of grantee's expenditures at least once during the grant period on grants of over \$50,000. For this purpose, the Grantee must make expense receipts, employee timesheets, invoices, proof of payment (cancelled checks, bank statement etc.) and any other supporting documents available upon request by the State.

**E. Publicity**

All projects funded by the ACHF must publicly credit the fund, including on the grantee's website when practicable. Publicity and logo guidelines are detailed at <http://www.legacy.leg.mn/legacy-logo>

**F. Audits**

The grantee's books, records, documents, and accounting procedures and practices of the grantee or other party that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate, for a minimum of six years from the grant agreement end date, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

- [Minnesota Statutes §16B.98, Subdivision 8.](#)

All funds are subject to audit by the Office of the Legislative Auditor (OLA). In 2011, the OLA released reports on program audits of all four Legacy funds and on financial audits of the Outdoor Heritage, Clean Water and Parks and Trails funds. In 2012, the OLA issued audits of six entities that spent money from the Arts and Cultural Heritage fund. Reports are available on the OLA web site.

- [Office of the Legislative Auditor](#)

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**Section III: Grant Payments**

**A. Reimbursement**

Reimbursement is the preferred method for all Reimbursement Payment Request submitted to the State (Office of Grants Management Policy 08-08). The State shall review each request for reimbursement against the approved grant budget, grant expenditures to-date and the latest grant progress report before approving payment. Grant payments shall not be made on grants with past due progress reports, unless the state agency has given the grantee a written extension.

**1. Travel Expenses**

Travel expenses must comply with the most recently approved budget as specified in the Grant Agreement Exhibit A: Work Plan and Budget and must meet the guidelines specified in the current "Commissioner's Plan" found on the Minnesota Management and Budget Website:

- [Commissioner's Plan](#) (Section 15 - Expense Reimbursement)

The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless the State has provided prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

Grantees shall document travel related expenses on a Travel Log Report (Excel spreadsheet template provided by the Office of Grants Management) and provide with copies of supporting documentation (invoices and receipts) for all travel related expenses (e.g. mileage, lodging etc.) submitted for reimbursement.

Unless otherwise noted in the Grant Agreement, supporting documentation (invoices, receipts, employee time records, proof of payment etc.) shall be maintained on file by the Grantee and available upon request by the State.

**B. Payment Schedule**

Grantees may submit an invoice for reimbursement no more often than once per month. Grantees may submit invoices less frequently (such as quarterly) based upon their internal schedules or needs.

**C. Invoice**

A formal invoice must be used to request payment and must include the following information:

- Grant contract number (provided by the State)
- Invoice date
- Reimbursement Payment Request Number
- Period covered by invoice (start/end dates of services performed/work incurred)
- Invoice amount

**D. Reimbursement Spreadsheet**

A Reimbursement Spreadsheet (Excel spreadsheet template provided by the Office of Grants Management) shall be submitted with each Reimbursement Payment Request detailing expenditures by budget line item. The total Current Invoice amount on the Reimbursement Spreadsheet must match the total invoice amount.

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**E. Budget Revisions**

1. Grantees shall obtain prior approval from the Office of Grants Management for all budget revisions. A budget revision is required when the Grantee anticipates that budget line item expenditures (e.g. Salaries, Contracted Services etc.) will exceed 10 percent of the total Project/Activity Area Budget as specified in the most recent, approved budget (Grant Agreement Exhibit A: Work Plan and Budget.)
2. Once approved, budget revisions must be accurately reflected on the Reimbursement Spreadsheet submitted with Reimbursement Payment Requests.
3. It is understood that the total obligation of the State for all compensation and reimbursements to Grantee shall not exceed the total obligation.

**F. Contracting and Bidding Requirements (Excludes Municipalities)**

1. Any services and/or materials that are expected to cost \$20,000 or more must undergo a formal notice and bidding process.
2. Any services and/or materials that are expected to cost between \$10,000 and \$19,999 must be scoped out in writing and offered to a minimum of three (3) bidders.
3. Any services and/or materials that are expected to cost between \$5,000 and \$9,999 must be competitively based on a minimum of three (3) verbal quotes.
4. Support documentation of the bidding process utilized to contract services must be included in the grantee's financial records, including support documentation justifying a single/sole source bid, if applicable.

Exceptions to these requirements may be made if a grantee's procurement policies are stricter than these requirements. Exceptions must be approved by the State and noted in the grant agreement.

**G. Contracting and Bidding Requirements (Municipalities)**

1. Any contract that is estimated to be over \$100,000, the grantee must solicit bids by public notice. As an alternative the grantee may award contract to a vendor offering the best value.
2. Any contract that is estimated to be between \$25,000 and \$100,000 may be made by sealed bid or direct negotiation. The grantee should obtain two (2) or more quotes without advertising for bids. As an alternative the grantee may award contract to a vendor offering the best value. The grantee will need to keep all quotes on record for one year, whether selected or not.
3. Any contract amount \$25,000 or less may be either made by quote or an advertised bid. The method chosen is at the discretion of the governing body. As an alternative the grantee may award contract to a vendor offering the best value. The grantee will need to keep all quotes on record for one year, whether selected or not.

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**H. Exceptions to Reimbursement**

Under limited conditions with prior justification and approval, advance payments on grants may be negotiated between the state agency and grantee on a case by case basis ([Office of Grants Management Policies 08-06](#) and [08-13](#)). If negotiated, advance payments must be approved prior to the State encumbering grant funds and executing the agreement. If approved, a justification must be included in the grant agreement that details the specific need to utilize advance payments and the procedures used to reconcile all advance payments. *Cash flow is not an acceptable justification for advance payment and may be cause for review of an organization's financial records under [Office of Grants Management Policy 08-06](#).*

**I. Eligible/Ineligible Expenses**

Arts and Cultural Heritage funds

- May be spent only for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage.
- All money from the arts and cultural heritage fund must be for projects located in Minnesota.
- May not be spent on activities unless they are directly related to and necessary for a specific appropriation.
- Must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation.

Ineligible expenses include but are not limited to:

- Fundraising
- Taxes, except sales tax on goods and services
- Lobbyists, political contributions
- Bad debts, late payment fees, finance charges, or contingency funds
- Parking or traffic violations
- Out of state transportation and travel expenses without prior approval from the Department of Administration (Minnesota will be considered the home state for determining whether travel is out of state).

**Please reference the following documents as guidance:**

- [MMB Guidance to Agencies on Legacy Fund Expenditure](#)
- [OMB Circular A-87 Attachment B, Selected Items of Cost](#)
- [Legislative Guide: Principles for Use and Expected Outcomes of Funds from Dedicated Sales Taxes adopted March 24, 2010](#)

<b>Section IV: Grant Provisions</b>
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Following are some, but not all, of the requirements, terms and conditions that apply to Legacy and/or state grants.

**A. Grants Management Policies**

Grants funded by a Legacy fund must be implemented according to Minnesota Statutes [§16B.97 Subd. 4 \(a\) \(1\)](#), and [§16B.98](#). The responsible entity must account for all expenditures of funds.

**B. Amendments and Extensions**

Grants agreements must be amended when there are changes to the total obligation, compensation or the expiration date ([Office of Grants Management Policy 08-12](#)). Grant agreements may be amended only when the purpose of the amendment is similar to the

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purpose of the grant agreement and when the grantee duties are within the scope of the original work plan. The grantee must contact the Department of Administration as soon as any amendment is anticipated to provide time to review the request and obtain all signatures.

**C. Conflicts of Interest**

Under Minnesota Statutes [§16B.98](#) and [Office of Grants Management Policy 08-01](#), the Department of Administration will take steps to prevent individual and organizational conflicts of interest.

Organizational conflicts of interest occur when:

- a grantee or applicant is unable or potentially unable to render impartial assistance or advice to the Department due to competing duties or loyalties
- a grantee's or applicant's objectivity in carrying out the grant is or might be otherwise impaired due to competing duties or loyalties

In cases where a conflict of interest is suspected, disclosed or discovered, the applicant or grantee will be notified and actions may be pursued, including but not limited to disqualification from eligibility for the grant award or termination of the grant agreement.

<b>Section V: Contact Information</b>
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