

# Grants Administration Manual Contents

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# Purpose and Scope

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This grant manual establishes the administrative and programmatic requirements for all grants administered through the Board of Water and Soil Resources. The manual includes the following sections:

**Administrative procedures** are those matters common to all grants, including topics such as: processing and amending grants, technical quality assurances, reporting, noncompliance, and records retention. These requirements are distinguished from programmatic requirements, which are specific to an agreement or to a grant program; or implementing practices, which includes matters common only to those grants that install practices. All provisions for the administration of grants that are less restrictive than these administrative requirements are superseded, except to the extent that they are required by statute or regulation, pertain to existing agreements, or are authorized in writing by the Board or Water and Soil Resources.

**Implementing practices** details procedures for activities that construct practices and projects, including items such as: processing conservation practice contracts, operation and maintenance guidelines, vegetation guidelines, and pertinent forms. The provisions within this section may be required by a specific grant program.

**Programmatic requirements** include grant program specific policies and guidelines. Program policies provide the expectations for implementation of funds for a given program, including items such as: eligible activities, application procedures, program-specific requirements, and match requirements. Program guidelines are consistent with administrative requirements, although additional limitations may be imposed.

**Optional and example forms** include forms and example documents that have been made available for use, but are not required of any grant program.

# Grant Terminology

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**Administrative Cost:** A cost that supports the primary activity or activities funded by the grant. Administrative costs include the overall management of the organization, record keeping, reporting, and related activities.

**Administrative Procedures:** Matters common to all grants, including required procedures as well as guidance.

**Advance Payment:** A type of grant payment in which the grantor pays the grant recipient for costs associated with a grant before the grant recipient has incurred the expense.

**Allowable Cost:** A cost that can be charged to a grant.

**Application:** Application in BWSR grants has a wide variety of meanings and formats. An application may be specific to a grant program or request for proposal or it may refer to a document where land occupiers request financial assistance from organizations.

**Authorized Representative:** The person identified on the grant agreement as having responsibility for monitoring or implementing the services and performance identified in the grant agreement.

**Authorized Signature:** The person with the authority to sign a contract for a given organization; generally the board chair, mayor, or clerk unless otherwise designated in a charter, resolution, or by-law.

**Closeout:** A procedure initiated by a grant recipient to finalize a grant agreement that generally includes submitting final project and financial reports and returning unspent funds to the state. See also reconciliation and verification.**Contract:** A contract legally binds two or more parties in an agreement to perform specified acts. Consultation with legal counsel prior to entering into a contract is recommended.

**Contractor:** A person or organization that enters into a contract with a grant recipient or land occupier to provide a good or service, and that is not an employee of the grant recipient or land occupier.

**Cost Share:** In general, cost share refers to the State Cost Share or Erosion Control and Water Management Program, but the term is also sometimes used to generically refer to financial assistance to land occupiers.

**Direct Cost:** A cost that can be identified specifically with a particular final cost objective. "Direct" and "indirect" costs are recognized accounting terms that describe how expenditures are billed and tracked.

**Effective Date:** The date that the term of a grant agreement begins, as stated in the agreement.

**eLINK:** An online database for grantees to apply for grants, enter work plans and reports; and for BWSR to track expenditures and conservation outcomes associated with grant funds.

**Executed Date:** The date that a grant agreement is signed by the Authorized Representatives of the grantor and the grant recipient.

**Executed Grant Agreement:** A grant agreement that has been signed by all parties.

**Final Financial Report:** This report is forwarded to BWSR by a grantee after all grant funds have been spent or grant agreement expires. The final financial report is reviewed for approval by BWSR staff and does not require on site review in the grantee office.

**Fiscal Agent:** The entity that will receive and disburse grant funds and can be either the grant recipient or a separate organization identified on an application. The fiscal agent must have a State-issued vendor number through the MN Department of Administration, Materials Management Division (MMD). Note that most funds are disbursed to the fiscal agent through electronic fund transfer; preferences to receive payment by check must be established through MMD ([www.mmd.admin.state.mn.us/](http://www.mmd.admin.state.mn.us/)).

**Grant Administration:** For Clean Water Fund grant applications and work plans, grant administration refers to activities such as local grant tracking, grant agreement management, reporting, and project management or oversight of activities included in the work plan.

**Grant Agreement:** A written instrument or electronic document defining a legal relationship between a granting agency and a grant recipient when the principal purpose of the relationship is to transfer cash or something of value to the recipient to support a public purpose authorized by law.

**Grant Assignment:** A grantee may neither assign nor transfer any rights or obligations under a grant agreement without the prior consent of the State and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved the grant agreement, or their successors in office.

**Grantee or Grant Recipient:** The party responsible for implementing the terms of the grant agreement. Also see fiscal agent.

**Grant Period:** The period between the dates a grant agreement is executed and expiration date of said grant agreement.

**Incentives and Incentive Payments:** Payments used to encourage land occupiers to install or adopt land management practices. Note that for incentive payments a form 1099 may need to be filed with the Minnesota Department of Revenue. Consult the *IRS Publication 225* or your tax advisor for more information.

**Indirect Cost:** A general support cost that cannot reasonably be directly charged to an agency, appropriation, or program.

**In Kind:** May include services and materials that contribute to the accomplishment of grant objectives. Eligible services and materials vary by individual policies – see individual program policies. Cash value rates for these in kind services and materials must be established through grantee policy prior to project initiation. See also local match.

**Land Occupier:** A person, corporation, or legal entity that holds title to or is in possession of land as an owner, lessee, tenant, or otherwise. Also referred to as cooperator in eLINK.

**Local Match or Local Share:** May be cash or in kind; however, all match is considered to have a cash value.

**Monitoring:** A procedure carried out by BWSR or reviewing and documenting progress towards grant agreement implementation and compliance with grant agreement provisions.

**Prevailing Wage:** The hourly rate, plus benefits, required by law to be paid for each trade or occupation while performing work on State-funded construction projects. Prevailing wage requirements apply to all State funds that are used to contract for construction projects. Questions about the application of prevailing wage rates should be directed to the Minnesota Department of Labor and Industry at [www.dli.mn.gov/LS/PrevWage.asp](http://www.dli.mn.gov/LS/PrevWage.asp).

**Project Assurances:** In order to ensure long-term public benefit of practices and projects, BWSR requires certain guarantees from grant recipients that installed conservation practices will remain in place for the lifespan expected and provide benefits for which they were designed. See the Project Assurances information for details.

**Project Development:** For Clean Water Fund grant applications and work plans, project development generally refers to project support activities such as civic engagement; public outreach; initial contacts, actions, and activities with partners

and/or landowners; preliminary information gathering; conservation marketing, or other activities which directly support or supplement the goals and outcomes of the application or work plan. See also Technical and Engineering.

**Reconciliation:** A financial exercise that accounts for a grant recipient's spending by comparing its request or receipt for payment for a given period with supporting documentation for that request, such as purchase orders, receipts, and payroll records.

**Technical and Administration (TA):** For the Erosion Control and Water Management Program, TA includes activities such as grant administration, staff training to maintain appropriate technical approval authorities or licenses, site investigation and assessments, design and cost estimates, construction supervision, and inspections.

**Technical and Engineering:** For Clean Water Fund grant applications and work plans, technical and engineering generally refers to activities such as technical site assessment, surveys, preliminary analysis and design, final design, construction supervision, installation, inspection, and completion of projects. These activities *require* technical and/or engineering expertise. See also Project Development.

**Technical Assistance Provider:** The person with appropriate credentials identified by the grantee as responsible technical quality assurance for a given project or practice. Credentials can include conservation partnership Technical Approval Authority (TAA); applicable professional licensure; reputable vendor with applicable expertise and liability coverage; or other applicable credentials, training and/or experience.

**Technical Quality Assurance:** In order to ensure long-term public benefit of practices and projects, BWSR requires certain guarantees throughout each phase of implementation from grant recipients that appropriate levels of technical expertise are used. See the Technical Quality Assurance information for details.

**Verification:** Grant verification encompasses not only financial reconciliation, but also checks whether the terms of grant payments have been complied with. It also includes an assessment of the grant recipient's internal control environment.

**Work Plan:** Generally, the information entered into eLINK after an application for a particular grant fund has been approved. The work plan indicates the details of the project. See also application.

## Acronyms

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### State Agencies and Commissions

BWSR:	Board of Water and Soil Resources
CWC:	Clean Water Council
DNR:	Department of Natural Resources
LCCMR:	Legislative-Citizen Commission on Minnesota Resources
LOHC:	Lessard Outdoor Heritage Council
MDA:	Minnesota Department of Agriculture
MDH:	Minnesota Department of Health
MDOT:	Minnesota Department of Transportation
MGS:	Minnesota Geological Service
MMB:	Minnesota Office of Management and Budget
MPCA:	Minnesota Pollution Control Agency

### Federal Agencies

ACOE:	Army Corps of Engineers
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CFSA:	Consolidated Farm Services Agency
EPA:	Environmental Protection Agency
FEMA:	Federal Emergency Management Agency
FSA:	USDA Farm Service Agency
NRCS:	USDA Natural Resources Conservation Service
RC&D:	Resource Conservation & Development
RECD:	Rural Economic and Community Development
USDA:	United States Department of Agricultural
USF&WS:	United States Fish & Wildlife Service
USGS:	United States Geological Survey

### **Regional/Local**

CAC:	Citizen Advisory Committee
CHS:	Community Health Service
JPB:	Joint Powers Board
LGU:	Local Government Unit
RDC:	Regional Development Commission
SWCD:	Soil and Water Conservation District
TAC:	Technical Advisory Committee
WD:	Watershed District
WMO:	Watershed Management Organization

### **State Associations**

ADA:	Association of (Watershed) District Administrators
AMC:	Association of Minnesota Counties
AMT:	Association of Minnesota Townships
AMWRAP:	Association of Minnesota Water Resources Administrators and Planners
LMC:	League of Minnesota Cities
MACDE:	Minnesota Association of Conservation District Employees
MACPZA:	Minnesota Association of County Planning and Zoning Administrators
MARC&D:	Minnesota Association of Resource Conservation and Development
MASWCD:	Minnesota Association of Soil and Water Conservation Districts
MAWD:	Minnesota Association of Watershed Districts

### **National Associations**

NACD:	National Association of Conservation Districts
NWF:	National Wildlife Federation
SWCS:	Soil and Water Conservation Society

### **State Programs**

CLMP:	Citizens Lake Monitoring Program
CLWP:	Comprehensive Local Water Planning
CREP:	Conservation Reserve Enhancement Program
C-S:	Cost-Share Program
CWL:	Clean Water Legacy
CWP:	Clean Water Partnership
LAP:	Lake Assessment Program
LWRPMP:	Local Water Resources Protection and Management Program
NPEA:	Nonpoint Engineering Assistance
NRBG:	Natural Resources Block Grant
PFM:	Private Forestry Management

PWP: Permanent Wetland Preserve  
RIM: Reinvest in Minnesota  
SLR: Streambank, Lakeshore, and Roadside Program  
SRF: State Revolving Fund  
WCA: Wetland Conservation Act

**Federal Programs**

ACP: Agricultural Conservation Program  
CRP: Conservation Reserve Program  
EQIP: Environmental Quality Incentive Program  
FDR: Flood Damage Reduction  
FEMA: Federal Emergency Management Act  
WBP: Water Bank Program  
WRP: Wetland Reserve Program

**Additional Acronyms**

GIS: Geographic Information System  
GPS: Geographic Positioning System  
NPS: Nonpoint Source Pollution  
TMDL: Total Daily Maximum Load



# Processing a Grant

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So, you are about to receive a grant from BWSR. Now what? Regardless of funding source, the primary steps to process the grant agreement are as follows:

1. Funding decisions for grant allocations are made by the [BWSR Board](#), typically in June and December of each year. This schedule can vary. Notifications to grantees of grant awards occur as soon as possible after BWSR Board decisions.
2. Notification of a grant award will be in the form of an automated notification from the BWSR eLINK system or an email from BWSR Grants staff to the grantee. Notifications are sent to the Day-to-Day Contact identified by the organization within the eLINK system. This notification includes instructions for further processing of the grant agreement and may also contain grant-specific information such as requirements for completing work plans, disbursement terms, or additional required documentation for processing the grant. Read these instructions carefully as requirements can vary by grant and fiscal year. Delay in completing these additional requirements will delay processing of the grant.
3. Once the grant agreement has been completed and signed by the grantee, the original signed document is returned to BWSR's St. Paul office for further processing.
4. Grant agreements cannot be executed and funds cannot be released by BWSR until all grant-specific requirements have been completed. Grant agreements are considered to be executed when they have been signed by the grantee and BWSR. Electronic copies of executed agreements are available in eLINK once processed. BWSR policy allows grants to be withheld if the grantee is past due on progress reports for other State grants or non-compliant with other BWSR policies and requirements.
5. Funds are generally released through electronic fund transfer to the grantee or fiscal agent of the grantee.
6. The grantee must not begin work under the grant agreement and no grant or match funds may be incurred or expended until the agreement is fully executed and the grantee has been notified by BWSR to begin work. The grantee is liable for any commitments incurred outside the grant period.
7. Periodic and final reporting on activities accomplished with grant funds is required. Specific requirements are identified in the grant agreement and additional policies and guidance are available in the Report section of the BWSR Grants Manual.
8. Funds unspent at the end of the grant period must be returned to BWSR in the timeframe specified in the executed grant agreement, using the "Return Funds" form. This form can be produced by eLINK when submitting the final report.
9. All grant recipients must be prepared for review of grant activities throughout and after the grant period. Contract documents, receipts, and landowner obligation records must be made available upon request.

Questions regarding processing of grant agreements should be directed to your [Board Conservationist](#). Issues of noncompliance with the terms of the grant agreement will be addressed through the Board Conservationist. Penalties associated with noncompliance will be determined by the BWSR Board.

# Grant Agreement Amendments and Work Plan Revisions

The terms of a grant agreement may be adjusted when circumstances apply. Depending on the scope, adjustments are of two types: an amendment to the grant agreement itself or a revision to the work plan approved with the grant agreement. **All amendments and work plan revisions must be finalized prior to the expiration of the grant agreement. Be sure to submit requests to BWSR with sufficient time for processing.** Requests received after the expiration of the grant agreement must be denied.

## Grant Agreement Amendments

Activities or actions that require a grant amendment include extensions to the grant period, a change to the position of the grantee’s authorized representative, a change in scope, or a significant change to the work plan budget or equivalent. (For some grant programs, such as Disaster Recovery, a work plan budget may consist of a BWSR approved project list.)

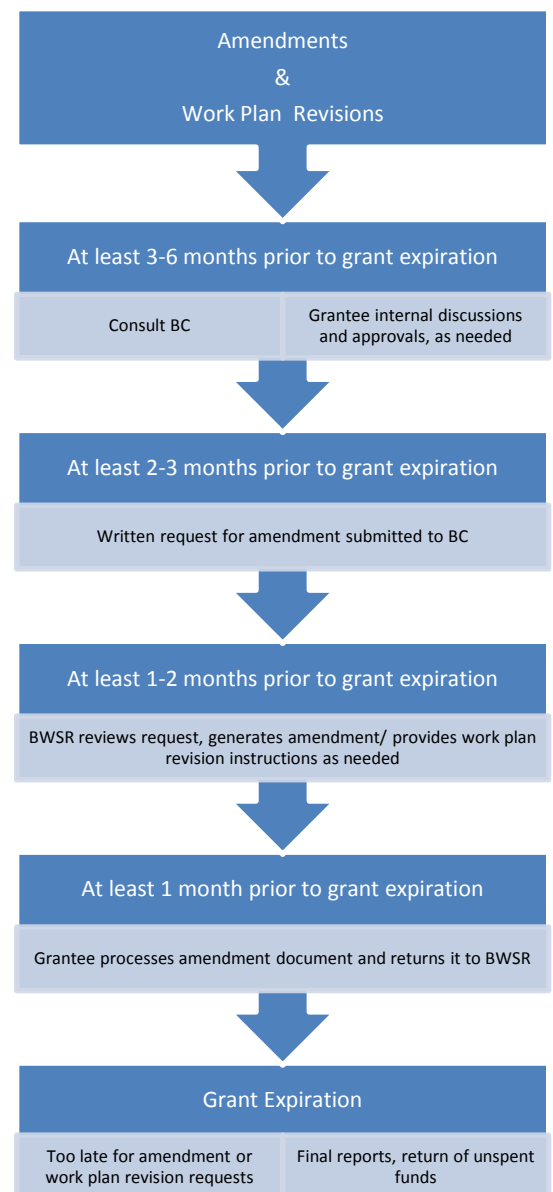
Consult your Board Conservationist for guidance at least 3-6 months prior to the end of the grant agreement.

1. The grantee’s authorized representative provides a written request for an amendment to the grant agreement, to the Board Conservationist.
2. BWSR staff will review the request.
  - a. If approved, BWSR staff will generate an amendment document that will be processed similar to the original grant agreement. (See [amendment template](#) and [example](#).) **All signatures must be obtained prior to expiration of the grant agreement.**
  - b. If denied, a written response will be provided.

## Work Plan Revisions

Activities or actions that require a revision to an approved work plan are generally changes in project scope and moderate changes to the work plan budget.

1. Consult your Board Conservationist for guidance as needed.
2. The grantee’s authorized representative provides a request to their Board Conservationist by a “progress report” in eLINK.
3. BWSR staff will review the request.
4. If the work plan revision request is approved, the Board Conservationist will provide approval via an eLINK journal entry. **Approval must be obtained prior to expiration of the grant agreement.**
5. If the work plan revision request is denied, the Board Conservationist will provide the denial via an eLINK journal entry.



## Criteria for Amendments and Work Plan Revisions

The criteria BWSR staff uses to consider requests for grant agreement amendments and work plan revisions include, but are not limited to the following:

- **Project delays** due to inclement weather, contractor pullout, staff vacancies/illness, unanticipated landowner situations or changes, or other circumstances beyond the grantee’s control.
- **Unanticipated environmental conditions** that require a project modification, such as unexpected soil conditions or circumstances that were not part of the preliminary design of the project.
- **Whether the requested change continues to fit the original intent of the grant**, i.e. adjusted project meets the eligibility requirements of the funding source, outcomes are similar to the original project, life expectancy of the project is substantially the same or greater, etc.
- **Cost Changes** from originally approved budgeted amounts; shifts in spending from originally approved budgeted activity categories.

Occurrence of any of these conditions does not guarantee the amendment or work plan revision request will be approved.

## Grant Amendment and Work Plan Revision Requests

Grant amendment and work plan revision requests should include:

- The grant or project title the request is for;
- The purpose and extent of the request; i.e., change to authorized representative, extension to the grant period, change to an approved budgeted amount, or a modification to the project;
- An explanation as to why the original project cannot be completed as intended, in consideration of the criteria above;
- A description as to how the change will affect the originally proposed outcomes and/or any additional outcomes that will be achieved; and
- A brief narrative of the new activity proposed, if applicable.

### NOTES:

- Insufficient information in a request will delay review and likely result in denial of the request.
- LGUs are encouraged to consult your Board Conservationist to verify whether or not your changes require a work plan revision or amendment. Budget and spending documentation must be in accordance with *Administrative Procedures, Financial Record Keeping*. Insufficient eLINK documentation of spending shifts or deviations from this procedure will delay grant payments, report approvals, and grant close-outs.
- The thresholds for the examples given are based on historical observations and experience of BWSR staff and LGUs.

## Budget Change Thresholds for Work Plan Revisions and Amendments

### **Changes that can be made without an amendment or Board Conservationist approved work plan revision.**

Shifts in spending from originally approved budgeted activity category amounts up to **20% but not exceeding \$10,000, over the life of the grant, in any work plan element** can be approved by the Grantee. These shifts must be appropriately documented in eLINK according to *Administrative Procedures, Financial Record Keeping*, for later grant reconciliation and verification.

Work Plan Element (Example)	Original Budget	Revised Budget	Change \$	% Change	Work Plan Revision Needed?
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Administration	\$5,000	\$5,000	\$0		No
Technical and Engineering	\$10,000	\$9,563	(\$437)	4.3%	No
Materials and Labor for Practice A	\$30,000	\$32,999	\$2,999	10%	No
Materials and Labor for Practice B	\$55,000	\$52,438	(\$2,562)	4.6%	No
<b>Total</b>	<b>\$100,000.00</b>	<b>\$100,000.00</b>			

**Changes that require a work plan revision and Board Conservationist approval:**

- Shifts in spending from originally approved budgeted activity category amounts greater than **20% in any work plan element and greater than \$10,000 but less than \$50,000, over the life of the grant**

Work Plan Element (Example)	Original Budget	Revised Budget	Change \$	% Change	Work Plan Revision Needed?
Administration	\$2,500	\$2,100	\$400	16%	No
Technical and Engineering	\$5,000	\$5,000	\$0	0%	No
Materials and Labor for Practice A	\$15,000	\$0	(\$15,000)	100%	Yes
Materials and Labor for Practice B	\$27,500	\$18,900	(\$8,600)	31%	Yes
Materials and Labor for Practice C	NA	\$24,000			No
<b>Total</b>	<b>\$50,000.00</b>	<b>\$50,000.00</b>			

Shifts in spending from originally approved budgeted activity category amounts in any work plan element are less than **20% but greater than \$50,000, over the life of the grant.**

Work Plan Element (Example)	Original Budget	Revised Budget	Change \$	% Change	Work Plan Revision Needed?
Administration	\$2,500	\$2,100	(\$400)	16%	No
Technical and Engineering	\$20,000	\$21,500	\$1,500	7.5%	No
Materials and Labor for Practice A	\$85,000	\$80,000	(\$5,000)	5.9%	No
Materials and Labor for Practice B	\$375,000	\$305,000	\$70,000	18.7%	Yes
Materials and Labor for Practice C	NA	\$70,000	(\$70,000)		Yes
<b>Total</b>	<b>\$482,500.00</b>	<b>\$358,000.00</b>			

**Changes that require an amendment:**

- Shifts in spending from originally approved budgeted activity category amounts in any work plan element, greater than **20% and greater than \$50,000, over the life of the grant.**

Work Plan Element (Example)	Original Budget	Revised Budget	Change \$	% Change	Grant Amendment Needed?
Administration	\$25,000	\$21,000	(\$4,000)	16%	No
Technical and Engineering	\$50,000	\$50,000	\$0	0%	No
Materials and Labor for Practice A	\$150,000	\$0	(\$150,000)	100%	Yes

Materials and Labor for Practice B	\$270,500	\$0	(\$270,500)	100%	Yes
Materials and Labor for Practice C	NA	\$410,900			Yes
<b>Total</b>	<b>\$495,500.00</b>	<b>\$481,900.00</b>			

# Reimbursement Requests for BWSR Competitive Grants

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Starting in fiscal year 2010, BWSR began implementing a reimbursement process for many grants. Grant payments in fiscal years 2010 and 2011 were distributed in two installments: 90% after execution of the grant agreement, and 10% after final requirements were met. Fiscal year 2012 and future grants will be distributed in three installments; 50% after execution of the grant agreement, 40% once the grantee has expended the first amount and provided BWSR with documentation of expenditures, and 10% after final requirements are met.

This document outlines the requirements for requesting reimbursement payments. See the Terms of Payment section of the grant agreement to determine if a grant has a reimbursable component.

## Initial Advanced Grant Payments

BWSR allocates the initial payment of competitive grant funds only after:

1. A work plan has been completed in eLINK and approved by BWSR staff;
2. The grant agreement has been officially executed and the grantee notified to begin work; and
3. Applicants are in compliance with all website and reporting requirements for previously-awarded BWSR grants.

In FY10 and FY11, the initial grant payment was 90%. In FY12 and the future, the initial payment is 50%.

## Second Advanced Grant Payments

The grantee may request the second installment when:

1. The grantee has reported in eLINK that 50% of the grant funds have been expended in accordance with the work plan.
2. The grantee submits an eLINK status change for the next report (1<sup>st</sup>, 2<sup>nd</sup>, or 3<sup>rd</sup> report).
3. An eLINK Interim Financial Report that summarizes expenditures for the first 50% must be signed by the grantee and a scanned copy is emailed to the Board Conservationist. The Interim Financial Report serves as the official request for payment from the grantee to BWSR.
4. BWSR authorizes the second advanced payment upon approval of the eLINK reporting and review of the Interim Financial Report.

**NOTE: Second advance payments do not apply to FY10 and FY11 grants.**

## Final Grant Reimbursement Requests

The last 10% of reimbursement grants will be paid after the grant project is finished, all final reporting requirements are met, and the grantee has provided BWSR with a documentation of final expenditures. The following items must be completed before BWSR will authorize final grant payment:

1. All eLINK reporting must be completed by the grantee according to the [eLINK Reporting Guidance](#), submitted via the Status Change in eLINK, and email notification sent to the Board Conservationist.

- a. The Board Conservationist will review the eLINK *All Details* and/or *Summary Reports* and cross-reference the original or amended work plan and the eLINK reporting guidance to determine if reporting is satisfactory.
2. An eLINK Final Financial Report that summarizes final expenditures for the grant must be signed by the grantee and a scanned copy emailed to the Board Conservationist. The Final Financial Report includes language indicating the grantee is officially requesting payment from BWSR.
  - a. If the final project costs are more than 90% but less than 100% of the grant award, the Grantee can only submit a reimbursement request for the actual project expenditures greater than the 90% of funds already received.
  - b. If the final project costs are less than 90% of the grant award that was previously paid by BWSR, the Grantee must fill out a returned funds form and send back any unused funds.
3. Clean Water Funds Stories have been updated by the grantee and the responsible BWSR staff has approved those updates.
4. The final payment will be made once the items above are determined to be complete by the responsible BWSR staff.

**Additional Evidence for Second and Final Payments:** BWSR staff may request more detailed financial information than the minimum requirements for the second advanced payment (40%) and the final grant reimbursable payments if grant compliance is unclear, noncompliance is suspected, or the individual grant program amount for a specific work plan is over \$200,000. This information may include, but is not limited to:

- a. Monthly budget summaries, financial accounting system reports, ledgers and journals invoices, receipts, cancelled checks, bank statements, board meeting minutes, certification of match, or other pertinent financial records.
- b. See also the Program and Project Files and the Grant Noncompliance sections of the BWSR Statewide Grant Administration Manual.

# Grant Noncompliance

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Grant recipients are responsible for the administration and decisions concerning the local use of State funds in accordance with statutes, rules, grant agreements, BWSR policies and guidance, local policies, and other applicable laws. BWSR has developed the following guidance to categorize levels of noncompliance and identify typical procedures for when errors are found; however, BWSR staff has the discretion to include items not covered in these guidelines.

Noncompliance issues are generally found through the review procedures of: monitoring, reconciliation, or verification. Noncompliance varies from least (Level 1) to most severe (Level 4).

## **Level 1: Departure from recommended administrative procedures**

This level of noncompliance includes incorrectly administering or improperly following BWSR guidelines or procedures. Examples of Level 1 noncompliance may include, but are not limited to: incomplete forms or records, sloppy filing of documents, or incorrect or late reports. Level 1 noncompliance does not include statute, rule, or policy violation.

BWSR options for Level 1 noncompliance:

- A. Note the procedural differences on the program review form.
- B. Discuss changes necessary to comply with recommended procedure and explain the purpose(s) of the procedure with grant recipient staff.
- C. Require grant recipient to make corrections or changes before certification of grant agreement completion is issued.
- D. Penalties are not issued for Level 1 noncompliance; however, if problems are repeated or not corrected in a timely manner, further errors of this level may be re-categorized as Level 2 noncompliance.

## **Level 2: Deviation from required administrative procedures**

This level of noncompliance is a failure to follow BWSR administrative procedures. Examples of Level 2 noncompliance may include, but are not limited to: lack of detail to justify an expense or payment, improperly completed forms or contracts, repeated incorrect or insufficient reporting, incomplete files, or deficient operation and maintenance plans. Deviation from locally-established policies or procedures may also be noted as Level 2 noncompliance. As with Level 1, Level 2 noncompliance does not include statute, rule, or policy violation.

BWSR options for Level 2 noncompliance:

- A. Note procedural differences on the program review form.
- B. Cite changes necessary to comply with required procedure and explain the purpose(s) of the procedure with grant recipient staff.
- C. Require grant recipient to make corrections or changes prior to the next review or before final certification of grant agreement completion is issued.



- D. Penalties are not issued for first-time Level 2 noncompliance; however, if problems are repeated or not corrected, further errors may be categorized as Level 3 noncompliance and may eventually result in financial penalties.

**Level 3: Deviation from required BWSR program rule and policy procedures**

This level of noncompliance includes incorrectly or improperly following a rule or policy. Examples of Level 3 noncompliance may include items, but are not limited to, such as: missing signatures or dates on conservation contracts, lack of required technical assessment or sign-off by a technical representative, lack of an operation and maintenance plan, or projects occurring outside contract starting or completion dates. Level 3 noncompliance requires corrective action by the grant recipient and may result in a financial penalty.

BWSR steps for Level 3 noncompliance:

- A. Note procedural differences on the program review form.
- B. Cite the changes necessary for compliance, explain the purpose(s) of the rule or policy with grant recipient, and provide a timeframe for implementing the changes.
- C. Require grant recipient to make corrections or changes prior to the next review or before final certification of grant agreement completion is issued.
- D. Financial penalties may be assessed if compliance is not achieved within a timeframe identified by BWSR, if violations are repeated after the initial violation is identified, or if the deviation is considered serious by BWSR. BWSR will follow the steps identified in Level 4 when financial penalties are considered.

**Level 4: Statute, rule, and policy or grant agreement violation**

This level of noncompliance is a failure to follow statute, rule, policy, or grant agreement conditions. Examples of Level 4 violations may include, but are not limited to, the following: overpayment on conservation contracts, installation of practices that are not allowed or fail to address program purpose, payments that exceed allowable rates, missing documentation to justify an expense or payment, or expenditure of funds outside the grant agreement. A Level 4 violation requires the corrective action by the grant recipient and may result in a financial penalty.

BWSR steps for level 4 noncompliance:

- A. Violations are documented according to the review procedures being followed (monitoring, reconciliation, or verification) and discussed with grant recipient staff.
- B. A written summary stating the nature of the violation(s) and options for addressing the violations, which may include repayment, is provided to the grant recipient board or council chair and staff.
- C. Upon request, BWSR staff will attend a board or council meeting to discuss the violation(s).
- D. The grant recipient may either proceed with addressing the violation(s) by selecting one of the options outlined in the summary or may contest the violation in writing to the Regional Supervisor.
- E. If a violation is contested, the Regional Supervisor will consult with the BWSR staff who identified the violation and the Grants Coordinator.

- F. If a violation is further contested, the Regional Supervisor will bring the matter before the Executive Director. If necessary, the matter may also be brought to the full BWSR Board. If an agreement is not reached and the violation stands, the matter will be referred to the State's Attorney General Office.

### *Determinations of Penalties Associated with Noncompliance*

Often, noncompliance is the result of a simple mistake and the majority of incidences are resolved without financial penalties. Penalties are considered based on a combination of factors including the seriousness of the issue or violation, the number of issues or violations identified in a given review, and the response of grant recipient in fixing the issue(s) once identified. BWSR staff has the discretion to use one or more of the following means to assess a penalty:

1. The grant recipient may be required to repay the State. Repayments must be made with non-State funds such as funds generated by local levy or fees, or the grant recipient may require a landowner with a contract to return the State funds received.
2. For grant agreements with a reimbursement component, penalties may be assessed against the remaining amount.
3. Future grant payments may be withheld or reduced until issues are resolved\*.

Alternatives to these means may also be considered and used. See individual grant program policies for specific information about the application and amounts of penalties.

\*The [Minnesota Department of Administration's Office of Grants Management Policy](#) on Grant Closeout Evaluation ([Policy 08 – 13](#)) requires BWSR to consider a grant applicant's past performance before awarding subsequent grants or making a new grant award of over \$5,000. BWSR may withhold payment on this and grants from other programs if the Grantee is not in compliance with all BWSR reporting requirements.

# Technical Quality Assurance

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## Technical Quality Assurance Responsibility

All BWSR grant programs involving technical assistance shall include a clear definition of grant recipient responsibility for Technical Quality Assurance (TQA) in the grant agreement. Grant recipients must identify or document the technical assistance provider(s) according to each grant program policy.

## Constructed Engineering and Ecological Practices and Projects

In order to ensure long-term public benefit of constructed or ecological practices and projects, the following requirements must be met by grant recipients for each practice or project:

- a) **Technical Assistance Provider.** Identify the technical assistance provider(s) for the practice or project and their credentials for providing this assistance. The technical assistance provider(s) must have appropriate credentials for practice investigation, design, and construction. Credentials can include conservation partnership Technical Approval Authority (TAA); applicable professional licensure; reputable vendor with applicable expertise and liability coverage; or other applicable credentials, training, and/or experience.
- b) **Practice Standards.** Ensure the use of appropriate practice standards for design, construction, operation, and maintenance in the project work plan. USDA-NRCS Field Office Technical Guide (FOTG) practice standards or other applicable standards can be used.
- c) **Practice Certification.** Ensure that the assigned technical assistance provider certifies that the practice or project was installed or constructed in accordance with the applicable plans and specifications, including approved modifications, prior to authorization for payment by the grantee. BWSR review of construction or installation certification will be via spot check and/or grant reconciliation.
- d) **Operation and Maintenance.** Ensure that an appropriate operation and maintenance plan is developed that identifies necessary activities and timing to ensure long-term public benefit of practices and projects. The operation and maintenance plan shall be provided to, and discussed with, the practice or project owner soon after construction or installation certification.
- e) **Periodic Practice/Project Inspection.** Confirm that the operation and maintenance plan is being followed and the project has not been altered or removed by conducting periodic practice/project inspections. The technical assistance provider conducting practice/project inspections may be different than the provider performing practice investigation, design, and construction.

## **Incentive Practices and Projects**

For practices and projects that involve incentives for landowners or managers to implement management plans, such as nutrient management plans, the grant recipient shall identify or assign the technical assistance provider(s) and document their credentials and ensure operation and maintenance in accordance with the applicable requirements above. Follow up needs and requirements for incentive practices should be developed to address the intent of the incentive and ensure long-term public benefit. Requirements for practice/project inspections of incentive practices may or may not include additional activities such as reports from the landowner or manager in regards to progress on the management plan. BWSR review will be in accordance with the specific grant program policies and requirements.

## **Identifying Technical Assistance Providers and Practice Standards**

In general, BWSR grants with work plan components require identification of the technical assistance provider(s), or thorough documentation of the method to be used to select appropriate technical assistance provider(s), and practice standards in the grant work plan. This work plan is reviewed and approved by BWSR prior to the execution of the grant agreement. BWSR may also review via spot check, grant monitoring, reconciliation, or verification.

For grants without work plan requirements, the technical assistance provider and practice standards are generally identified as individual practices or projects are approved for funding, or the technical assistance provider may be identified in the grant recipient's local policies. For example, in the Erosion Control and Water Management Program, the Soil and Water Conservation District Board must identify the practice standards and may identify the technical assistance provider when approving a specific conservation practice contract. Or, the Board may annually identify a staff member with appropriate credentials as the technical assistance provider for all of a certain type of practice to be constructed that year. BWSR review will occur via spot check, grant monitoring, reconciliation, or verification.

See also Project Assurance information for grant recipients.

# Project and Practice Assurances

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BWSR requires assurances from grantees that installed conservation practices and projects meet the purposes of the grant program, will remain in place for the lifespan expected, and will provide the water quality benefits for which they were designed. Factors such as grant program requirements, partners, landownership, type of practices, and cost influence what type of and when certain assurances are required or used.

The first level of assurance is the executed grant agreement and associated approved work plan, if applicable, between BWSR and the grantee. The next level is Technical Quality Assurance (TQA) that requires conservation practices and projects to be installed according to appropriate technical standards and designs; with appropriate technical and/or engineering expertise and oversight; and with thorough post-construction operation, maintenance, and inspections. Additionally, assurance that maintains access for inspections, operation, and maintenance must be provided. Final levels of assurance vary by statute, rule, policy, grant agreement, or through local decision and may include such activities as a conservation practice contract with the participating land occupier, an agreement with a partner organization, recording the practice(s) with the property title, easements, or other means to guarantee the long-term environmental benefits of the project are met.

Conservation practice or financial assistance contracts between grant recipients and landowners are required when funds are used to provide financial assistance to install practices. When used, these contracts must at a minimum identify: provide financial assistance information and expectations; identify the responsibility for operation and maintenance, including maintenance or control of the contributing watershed; include a technical and financial plan for failures; allow for inspections by the grant recipient of the practice; be in effect for a period that corresponds to the expected life of the project; and may be required to include replacement provisions and pro-rated pollution effectiveness replacement. For practices installed on public land, operation and maintenance plans may be identified as part of capital infrastructure maintenance. Some grants require BWSR review of contracts prior to implementation. All contracts are recommended to be reviewed by the grant recipient's legal counsel.

When passing funds to partner(s), an agreement and work plan regarding fund distribution, reporting, and project approval between partners is required. BWSR review and approval of these agreements may be required; see the assignments section of the grant agreement and contact your Board Conservationist for more information.

Operation and Maintenance plans for practices that are within their expected lifespan, assurances that the land occupier or land occupiers will keep those practices in place for their intended use for their lifespan (such as easements, deed recordings, enforceable contracts, performance bonds, letters of credit, and termination or performance penalties), and inspection reports on those practices (including practices and projects that involve incentives, such as nutrient management plans), according to the schedule outlined in the plan.

The diagram below outlines scenarios when assurances are required or may be needed. In general, the assurances that are required of primary grant recipients are also required of project partners, including those that receive portions of the original grant for use in project activities.

**Executed grant agreement & approved work plan**

**Funds used by grantee for project**

**Funds passed to partner (s)**

**Funds used by grantee to provide financial assistance to landowner(s)**

**Assurances needed:**

- Technical Quality Assurance
- Guarantee of maintenance access over life of practice
- Plan for technical/ financial review of failures
- Replacement provisions may be required for certain projects

**Assurances needed:**

- Agreement between partners
- BWSR review of agreement

**Assurances needed:**

- Technical Quality Assurance
- Conservation practice contract
  - Possible BWSR review of contract
- Evaluation of need for additional assurances

**Partner(s) use funds for project**

**Partner(s) use funds for financial assistance to landowner(s)**

# Program and Project Files

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Grant recipients are required to keep records and documents pertinent to each grant agreement available for review by BWSR. This document focuses on records content specific to BWSR grants. BWSR may ask for this documentation via an email, over the phone, or during a grant verification site visit, but others—a governing body, an external auditor, or the state auditor—may ask for such documentation too. They are the types of documents that grant recipients should be keeping in their program and project files at all times.

## Program Files

The particulars of grant program file organization are a local decision; however, the primary content of the program file should include or reference the following:

- Executed grant agreement, approved work plan if applicable, and any amendments to either;
- Communications with BWSR relative to the grant and any grant amendments;
- Local program policies, such as locally established rates for in-kind services, rates for incentive payments, or criteria for project selection;
- Records such as minutes or resolutions of any local decisions regarding actions, approvals, delegation of approval authorities, etc. within the grant;
- Contracts with land occupiers for implementing conservation practices and amendments to these contracts;
- Cancelled contracts, including documentation of the reason for cancellation;
- Documentation of any other type of project assurances, such as easements or recording of practices;
- Assignment agreements or subcontracts;
- Procedures or criteria for selecting contractors;
- For programs with a training component, documentation of the course name, description, facilitator or teacher, date, and location;
- Reports or studies completed using grant funds;
- Reporting information required in the Reporting section of the manual), including documentation of website compliance;
- Conflict of interest forms;
- Any other documentation that provides clarification of how the grant was implemented.

## Project Files

Project files are a critical piece of the overall program file that documents the actual practices installed. The actual organization of the project file will vary locally; however, the content should include as applicable:

- Notes and information from the technical assessment and cost estimate determination;
- Map or aerial photograph showing the location of the project;
- Construction design standards and specifications;
- Construction monitoring diary, survey notes, or other notes during construction;
- Certification of practice completion and associated “as built” information;
- Project bills, invoices, or receipts and a voucher requesting payment, if applicable to the grant program;
- Copies or records of correspondence and contacts with the land occupier;



- If the project is to repair damage to previously installed conservation practices; the file should document that the original project was installed using approved standards and specifications, and the damage or failure was caused by reasons beyond the control of the land occupier and not due to improper maintenance or removal of the practice within the effective life;
- Operation and maintenance plan in accordance with the effective life of the practice and documentation the plans were provided to the land occupier (see the Implementing Practices/Operation & Maintenance section of the manual);
- Project/practice inspection records (see the Implementing Practices/Operation & Maintenance section of the manual);
- Necessary permits or permit approvals;
- Documentation of [technical quality assurance](#) for the project; and
- Any other pertinent project- or program-specific information.

**Note:** for Erosion Control and Water Management (State Cost Share) projects, the file must also contain documentation of the existing problem, whether or not the problem meets the high priority definition, and whether the solution meets Erosion Control and Water Management program criteria.

# Financial Record Keeping

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The receipt of grant funds as revenue, and expenditures--whether of grant funds, in-kind, or match,--need a verifiable paper-trail to support them. All grant agreements contain what is called an “audit” clause, which says—in similar words to these—that grant recipients are responsible to “maintain records relating to the receipt and expenditure of grant funds,” and that documentation of those receipts and expenditures “may be examined” by BWSR at any time and “are subject to verification.” To responsibly manage a BWSR grant, grant recipients must be able to document the receipt of revenue and expenditures on staff time, contractors, and other costs. They must also know what is and is not an “allowable” cost to be charged to a BWSR grant.

## Record Keeping for Revenue

To document the receipt of revenue from BWSR, the records that need to be kept are:

- The line item from the financial system showing the electronic transfer of grant funds from the state; and a bank statement showing the deposit of grant funds there. The amount documented can be a total (all block grant funds listed together on a grant agreement), or divided according to grant.
- The Treasurer’s Report to the LGU’s Board that shows the grant funds received from BWSR being recorded in the financial system, or some other evidence that the Board or governing body has overseen and verifies that the grant recipient has received those funds.
- Records documenting the LGU’s local match contribution for each NRBG, Conservation Program and Operations Grant (CPOG), and competitive grant received.
  - Note: for most programs that BWSR funds, the match can be an in-kind contribution of employee time.
  - The required local match for the Local Water Management program, however, must be a dedicated levy, or some kind of cash or cash equivalent, and must be documented in financial records as such.
  - If a line item in the financial system does not identify the required match, other evidence may suffice, such as a financial statement or balance sheet. Often the most conclusive evidence that a government is meeting its match requirement is a Board action that commits the funds.
- Records of the transfer of funds between grant recipients, such as receipts of WCA payments from a County to an SWCD.

## Record Keeping for Expenditures on Programs

To recall, allowable costs (costs that can be charged to BWSR grants) include but are not limited to:

- Staff Time,
- Contractors,
- Direct Costs, and
- Administrative Costs.

To document the costs of employees or staff time, the records that need to be kept are:

- Employee's name
- Position title and description (PD). (During a grant verification visit, position descriptions of each employee charging time to the grant will be collected.)
- Rate of pay/hour (see "Determining a Billing Rate"). (During a verification visit, a sample paystub from each employee charging time to the grant will be collected, to verify this rate of pay/hour.)
- Time worked on the grant, identified by fiscal year of the grant
- Documentation that connects the time contributed (or hours worked) to the BWSR grant. This may be:
  - A record from the financial system that shows the employee being paid out of the grant.
  - A summary of timesheets with the grant identified.

To clarify: during a grant reconciliation or verification visit, the grant recipient's method of tracking the staff time that is charged to the grant will be examined. Evidence must be collected that the staff time of the employees that are charged to the grant were actually paid out of that grant. That may be a payroll report, itemized by fund, from an Integrated Financial System, or a summary payroll report from QuickBooks. (The report may include other items that are charged to the grant besides staff time.) If a system exists to track the time that employees charge to the grant (see "Time Tracking," immediately below), ideally a spreadsheet would be provided that summarizes the time contributed by each employee, itemized by grant (see "Examples").

To document the costs of contractors, other direct costs, and administrative costs, receipts need to be kept. Receipts should be itemized, so that the reasonableness of the expense, as compared with the amount paid for similar government work in other programs, can be evaluated. Receipts will be collected for the work that outside contractors do, and, if other direct costs and/or administrative costs appear to be excessive when compared to those of other local governments, a sample of these financial records may be taken to verify them, during a grant verification visit. To verify administrative costs,

- an itemized "budget to actuals" annual financial report

will also be collected. Administrative costs that are not allocable to the grant, or that are based upon a percentage times the total budget amount, are not allowable, and will be excluded from the reconciliation process.

## **Record Keeping for Expenditures on Projects**

To document spending on a practice or project, the records that need to be kept are:

- The contract that pays a land occupier or project holder, in whole or in part, to implement a conservation practice with state funds.
- The Cost-Share Voucher and Practice Certification Form, or other allocation voucher, that documents what the land occupier or project holder paid for the practice versus what the grant recipient contributed to it (with BWSR funds); certifies that the land occupier or project owner agrees with the costs; and records the technical approval of the practice.
- Invoices from the contractor.
  - If the practice or project was provided by the grant recipient rather than a contractor (that is, if the grant recipient dealt with the land occupier directly, without a contract), an invoice from the land occupier to the grant recipient will be collected.

- Minutes from Board or other governing body meetings that record decisions to charge or contribute to the grant, such as match, approvals/encumbrances, and expenditures.
- Proof of payment—such as photocopies of checks—of grant funds from the grant recipient to the land occupier or project holder.
  - If the grant recipient pays the contractor directly, proof of payment from the grant recipient to the contractor will be collected.
- Other records of cash flows pertaining to the recipient’s grants, such as Cost-Share or competitive grant Program Logs that show: Contract Number, Date, Name (of land occupier or project), Original Contract Amount, Actual Amount Spent, Total Project Funds Encumbered, Balance Remaining To Encumber, and the amount contributed in match.
- Program Logs should also show the division between funds used for practices or projects and funds encumbered for technical and administrative (T/A) costs.
- For projects with a training component, documentation such as: the course name, description, facilitator or teacher, date, and location.

## **Invoices in Project Files**

BWSR grants are typically advance payment grants, meaning that the grant recipient will receive funds to implement practices based on a work plan, before contracts with individual land occupiers are signed. At the time of verification, therefore, what will likely exist in the grant file is an invoice from the contractor--passed on from the land occupier—rather than a receipt. This is sufficient for verification, provided that the invoices are supplemented by a voucher that documents what the land occupier or project holder actually paid for the practice.

# Records Management and Retention

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The responsibilities for records management activities in state and local government are broadly defined in [Minnesota Statutes §138.17](#), the State's records management statute, and [Minnesota Statutes §15.17](#), the State's official records law. In addition, under Minnesota Statutes § 16B.98, the State has the authority to examine records and documents relevant to the grant or transaction for a *minimum* of six years from the end of a grant agreement, receipt and approval of all final reports, or the required period of time to satisfy all State and program retention requirements, whichever is later. **Program and project files should be kept for a minimum of six years beyond the life expectancy of the installed practice(s).** For example, the file for a project with a life expectancy of ten years should be kept for a total of 16 years.

Recipients of BWSR grants are encouraged to have comprehensive records retention policies and procedures in place. Guidance for comprehensive records management is available through the [Minnesota Department of Administration, Information and Policy Analysis Division](#) and the [Minnesota Historical Society, Minnesota State Archives](#).

# Reporting Requirements for BWSR Grants

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Grant reporting is a means to illustrate achievements and progress made towards program goals and to ensure accountability and transparency in the use of State funds. In general, reports are to contain updates on activities and expenditures that occurred since the previous report and are to be completed by February 1 of each year, biannually for certain grants, and within 30 days of the completion of a grant.

Reporting for most grants includes entries in eLINK, posting grant information on the grantee's website, and submittal of a final financial report at the conclusion of the grant. **Content and frequency of reports varies by grant program and fiscal year; therefore, grant recipients should carefully read all grant agreements, reporting announcements and guidance.**

- Reporting reminders and announcements are generally sent via email to grant recipients. See the [BWSR Grant Program Work Plan and Reporting Overview](#) page for a list of active grants and current reporting deadlines.
- Program-specific eLINK guidelines can be found on the [BWSR Grant Program Work Plan and Reporting Overview](#) page. Be sure to check this page prior to each reporting deadline for the most updated guidance.
- General website reporting requirements for grant compliance can be found below.
- For grants with a reimbursable component, see the Grant Reimbursement section of the BWSR Statewide Grant Administration Manual.

Some grants may have additional requirements or requirements outside grant reports that may influence grant eligibility. For example, BWSR may act as the fiscal agent on behalf of other State agencies, such as the MPCA County Feedlot Program, MPCA SSTS Program, and DNR Shoreland Program; these agencies may have requirements beyond information BWSR has requested. Additionally, submittal of items such as financial statements and audits, annual reports, or posting of additional website information may be required.

The Office of Grant Management Policy on Grant Closeout Evaluation (08-13) requires the Board to consider a grant applicant's past performance when awarding grants. In addition, BWSR may consider withholding grant payments if the grantee is not in compliance with ALL Board reporting requirements.

If you have questions or are unable to complete a required report by a given deadline, contact your [Board Conservationist](#).

## Website Grant Reporting

For grants with website reporting requirements, information must be completed and available on the grantee's website by March 15<sup>th</sup> of each year and is recommended to be maintained on the website for

a minimum of three years after the end of the grant period. See your grant agreement to determine if website reporting is required. **When notifying BWSR of website postings, include links to the posted information.**

The content of website reports for grant compliance should reflect the activities, expenditures, and achievements associated with the grant funds. Posting of eLINK summary reports is often sufficient; however, grantees are encouraged to develop or use more public-friendly alternatives or information pages with pictures and maps. If a grant recipient does not have a website, a partner organization website may be used.

Compliant website grant reports will include the following information:

- Identify the grant name and funding source;
- Include an activity or project description;
- Provide details on the project cost, grant dollars, and leveraged or match funds;
- Describe the outputs or results such as installed projects, acres treated, etc.;
- Describe the outcomes or environmental or behavioral results of the project;
- Provide pictures and/or maps when available;
- Providing a link to the [Clean Water Stories](#) on the BWSR website will comply with the above; however, additional requirements may apply for projects funded through the [Clean Water Land & Legacy Amendment](#).

**Counties.** In addition to reporting grant activities, including for the Natural Resources Block Grant, counties are encouraged to post their NRBG eLINK Summary Report and Comprehensive Local Water Management Plan or County Groundwater Plan as applicable. *Optional are supplemental NRBG activity reports for WCA, Shoreland, SSTS, and Feedlot.*

**Joint Powers Boards, Regional Entities and Legislatively Directed Grants.** In addition to reporting grant activities, documents such as annual reports, annual work plans, organizational budgets and similar documents may be required by the grant program.

**Technical Service Area (TSA).** Non-Point Engineering Assistance Grants (NPEA) annual financial report and eLINK work plans should be posted on the host SWCD website, unless the joint powers board has its own website.

**Soil and Water Conservation Districts (SWCDs)** In addition to reporting grant activities, SWCD websites must include the information below. Posting this information will comply with web reporting requirements for program and operations grants such as General Services.

- Annual plan (see the [Operational Handbook](#) for more information on the annual plan and report, content can be in a document format or posted directly to the website);
  - Annual report;
  - Introductory statement about the district;
  - Description of services provided by the district;

- Listing of supervisors, their offices, and meeting schedule (updated throughout the year if necessary);
  - Office personnel and cooperating agencies;
  - Narrative of the previous year's activities or any reports necessary to emphasize the accomplishments of the district;
  - Financial statements
- Most recent audit;
  - Annual budget;
  - Membership dues (may be met through annual budget);
  - Meeting notices;
  - Twelve months of meeting minutes; and
  - Posting the District Comprehensive Plan or a link to the county Comprehensive Local Water Management Plan is encouraged, but not required.



# Grant Closeout Process

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Within thirty (30) calendar days of the end of the grant agreement period, or expenditure of all grant and match funds, whichever occurs first, the Grantee must:

1. **Complete** all eLINK reporting, according to the [eLINK Reporting Guidance](#), and submit via the Status Change in eLINK; an eLINK notification will automatically be sent to the Board Conservationist when the report is submitted. After the report is submitted, the Board Conservationist will review the eLINK *All Details and/or Summary Reports* and cross-reference the work plan and the eLINK reporting guidance to determine if reporting is satisfactory.
2. **Complete** an eLINK Final Financial Report that summarizes all expenditures for the grant. This Report must be signed by the grantee and a scanned copy uploaded for Board Conservationist review.

*(The Report must be signed by an official of the LGU or someone authorized by the LGU. See [Authorized Signature and Grantee Authorized Representative](#).)*

The Final Financial Report includes language indicating the grantee is officially requesting payment from BWSR.

- a. If the final project costs are more than 90% but less than 100% of the grant award, the Grantee can only submit a reimbursement request for the actual project expenditures greater than the 90% of funds already received.
  - b. If the final project costs are less than 90% of the grant award that was previously paid by BWSR, the Grantee must fill out a returned funds form and send back any unused funds.
  - c. **Return** to BWSR any unspent funds using the Returned Funds form generated in eLINK.
    1. Select report type "Final Report w/Refund," then enter the amount of returned funds and a check number (or placeholder "0000") to generate the form.
    2. Upload completed Returned Funds Form in eLINK and send email notification to your Board Conservationist.
    3. Print a copy of the Form and send it to BWSR with the check.
3. **For '13 and earlier Clean Water Fund Grants Only, update** CWF stories for Board Conservationist review and approval. In the "Actual Outcomes" text box add a brief 1-3 sentence summary of actual project accomplishments and the estimated pollutant removals. In addition, budget information should be updated, and project photos that you wish to add should be included. Ensure that the pollutant reductions and other project outcomes are the same in the final eLINK report as they are in the final Clean Water Story.

# Grants Monitoring, Reconciliation and Verification

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The mission of the Board of Water and Soil Resources is to improve and protect Minnesota's water and soil resources by working in partnership with local organizations and private landowners. Among the agency's core values are those of **empowerment** and **accountability**. Just as we trust those "on the ground" to identify opportunities and implement long-term solutions, so do we verify the results that our partners produce with the resources that we share. Local empowerment and accountability go hand in hand.

State grant management policies, as issued by the Office of Grants Management (OGM) of the Department of Administration, also demand accountability. BWSR issues most of its grants in advance payments. Policy 08-08, Grant Payments, allows advance payments in certain situations, but charges agencies making them to verify that the grant recipient will be able to account for the grant funds[, based on an evaluation of the grant recipient's financial statements]. Policy 08-10, Grant Monitoring, requires a financial reconciliation of grant recipient's expenditures at least once during the grant period on grants of over \$50,000.

In 2011, to consolidate its compliance with OGM policies, the BWSR Board adopted a "Grants Monitoring, Reconciliation and Verification Policy" (GMRVP). This policy requires:

- That BWSR staff annually monitor all grants;
- That competitive conservation program grants be paid in three scheduled payments and;
- That financial verification of grant reconciliations will be performed on ten percent of all BWSR grants annually.

The GMRVP enhances our oversight of the state grant funds that we issue to our local partners. Its ultimate goal is to ensure that public funds are spent for the purposes that they were given. More specifically, it is meant to ensure that our grant recipients are complying with the terms and conditions of the grant agreements. Compliance is often seen as a "gotta do," something that takes away from the conservation mission of BWSR and its local partners. In reality, compliance is a conservation issue too, because the more financial resources we "conserve"—or ensure are being used for the purposes they were given—the more real conservation we can practice.

# Allowable and Unallowable Costs

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## Allowable Costs

Allowable costs are costs that can be charged to the grant. Allowable and unallowable costs vary by BWSR grant program or funding source; specifics are identified within grant program policies and/or guidance. The general rule is that a cost is allowable if it is incurred through work activities that are a) related to and necessary for producing the outcomes described in the grant agreement and work plan and, b) occur during the grant period. Expenses that are incurred before the grant is executed, or after the grant agreement has expired, are not allowable. (Expenses that are incurred before the grant is executed are allowable for some disaster recovery grants.)

Allowable costs include but are not limited to:

- 1. Staff Time,**
- 2. Contractors,**
- 3. Direct Costs, and**
- 4. Administrative Costs.**

### 1. Staff Time

Typically, and especially for Natural Resources Block Grants (like Local Water Management or the Wetland Conservation Act program) and Conservation Program and Operations Grants (like General Services), much if not most of the grant is used to pay for employees or staff time. The wages and benefits of staff are allowable if specified by the grant, working directly with the grant, and documented in the work plan as appropriate. (For how to charge the wages and benefits of staff through a billing rate, see “Determining a Billing Rate.”)

Examples of staff activities that can be charged directly to BWSR grants include but are not limited to:

- Administration/Coordination
- Education/Information
- Inventory/Mapping
- Monitoring/Data Collection
- Planning and Assessment
- Project Development
- Regulations/Ordinances/Enforcement
- Technical/Engineering Assistance

These are activity categories within eLINK. Not all categories are allowable activities for all grants.

## 2. Contractors

The actual costs of construction, professional and technical services, and other goods and services provided by contractors hired by grant recipients or land occupiers to accomplish work plan outcomes are allowable. The time of those LGU staff directly involved with the management of a contractor may also be charged. Actual contractor cost may not be marked up.

## 3. Direct Costs

A direct cost is a cost that supports a specific program or project funded by the grant. Direct costs are allowable, but they must be necessary, reasonable (compared to similar government work in other programs), and adequately documented.

Examples of allowable direct costs include but are not limited to:

- Materials and supplies and incoming freight charges for them;
- Equipment rental or lease costs;
- Signage;
- Publication and printing expenses (including the process of composition, plate-making, press work, binding, and the end products produced) necessary for contract administration; work products production; and reports relating to work plan accomplishments;
- Capital expenditures for equipment only as expressly approved in a work plan. For expenditures greater than \$3,500, the grant recipient must explain in the work plan as to how all equipment purchased will continue to be used for the same program through its useful life, or, if the use changes, a commitment to pay back an amount equal to either the cash value received or a residual value approved. In reviewing equipment acquisition budgets and proposals, the following principles apply:
  - The equipment is essential to the operation of the project and the cost is reasonable;
  - No other equipment owned by the grant recipient is suitable for or available to the effort;
  - Funds cannot be used to provide reimbursement for the purchase of equipment already owned by the grant recipient; and
  - Equipment purchased and used commonly for two or more programs will be appropriately prorated to each activity.
- In-state transportation and travel expenses (such as lodging, meals and mileage) of personnel in the same manner and in no greater amount than provided for in the LGU's business expense policy. (If an LGU does not have a local business expense policy, it should follow the guidelines under "Expenses" in the District Employees section of the Board of Water and Soil Resources *SWCD Operational Handbook*, available on the BWSR internet site at [http://www.bwsr.state.mn.us/publications/SWCD\\_Ops-handbk.html](http://www.bwsr.state.mn.us/publications/SWCD_Ops-handbk.html).)

## 4. Administrative Costs

Administrative costs are costs that support the primary activity or activities funded by the grant. They are part of the cost of doing business for all organizations, whether they are in the public, non-profit, or private sectors. Administrative costs may be described as "indirect" costs, but the terms "direct" and "indirect" refer to the way a cost is billed, not the nature of an expense. In other words, even the administrative costs that are charged to BWSR grants must be directly related to and necessary

for the programs and projects described in the grant agreement and work plan. They differ from direct costs only in the way that they are billed.

Common examples of administrative costs include:

- Rent or lease
- Utilities
- Insurance
- General office equipment and supplies
- Information technology
- Accounting and financial services
- Clerical support
- Human Resources
- Legal services
- Purchasing
- Security
- Stipends (such as those for Board Members)

Programs are operated out of buildings that cost money to rent. Heat and other utilities are needed to run those buildings, and programs and projects also require equipment, supplies, and information technology to run. Accounting and financial services and clerical support must also be paid for. All these costs can be charged to BWSR program and operations grants. A typical SWCD CPOG grant agreement says that it is to be used by local governments “to help offset their general operating costs and for the conveyance of easements, and to apply local soil and water conservation practices and water quality practices.”

Administrative costs that are not allocable to the grant, or that are based upon a percentage times the total budget amount, are not allowable, and will be excluded from the reconciliation process.

## **Unallowable Costs**

Costs that are unallowable to be charged to BWSR grants include but are not limited to:

- Expenses that are incurred before the grant is executed\* (including the applicant’s expense for preparing the work plan/budget), or after the grant agreement has expired
- Bad debts, late payment fees, and investment management fees
- Lobbying, lobbyists and political contributions
- Incentive payments to install a practice that equal or exceed the cost of the land acquisition
- Food (other than the standard per diem for staff travel, or as included in the costs of meetings and conferences where the primary purpose is the dissemination of technical information)
- Entertainment, gifts, prizes and decorations
- Merit awards and bonuses
- Donations and fundraising

\*Except for some disaster recovery grants.

Grant recipients can use Federal OMB Circular A-87, Attachment B, for further guidance on allowable grant expenditures. This policy provides a time-tested and generally accepted standard for understanding allowable costs. The main driver of an allowable cost is whether it is necessary for the

particular program or project that the grant is funding. It is not possible to anticipate every type of cost that might arise for the variety of grant recipients that administer BWSR funds in order to say explicitly whether or not they are allowable, so staff should consult with your BC.

# Best Practice: Time Tracking

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We recommend that you track the time that your employees contribute to each grant on an hourly basis (thus, number of hours contributed to Local Water Management, to General Services, to a competitive grant, etc.), but there are other ways to document employee time that may work better with your existing systems. For example:

- Your position description could state a reasonable percentage of time spent on a grant, and that percentage could be verified by an absolute record of hours worked by employee. That is: if the PD says that a given employee spends 30% of her time on the activities associated with a grant, and time records show that that employee worked 1,920 hours in a fiscal year, then you could charge  $.30 * 1,920 (= 576 \text{ hours})$  of that employee's hours to the grant. **(Only the hours that were actually worked on the grant by the employee can be used in this calculation, not the hours available to work, or the total hours in a year.)**
- Alternatively, you could estimate the time that you will charge to these funding sources and allocate employees' time as such in your financial system, then retrospectively verify and adjust those estimates on a regular basis with actual time tracking.

Grant recipients should implement the system that is most efficient and effective for them, while still providing the assurance that BWSR funds have been used as reported, and for the purposes stated in the grant agreement.

## Examples

There are two data elements that are essential to track in any accounting of time. They are:

- **Grant:** What is the grant that is funding your effort?
- **Activity:** What are you doing for or on that grant?

Grants should be identified by grant name (for example, the Local Water Management program portion of the Natural Resources Block Grant [NRBG], the General Services program portion of the Conservation Program and Operations Grants [CPOG], or a competitively awarded, Clean Water Fund grants) and fiscal year, and any disbursements from BWSR funds should maintain that identity. (The grant ID field in eLINK may help you to do this.)

The data elements of "Grant" and "Activity" are consistent with the terminology used in BWSR's new eLINK electronic reporting system. They are also the categories used for reporting the expenditure of funds in eLINK. The most refined categorization of actions in eLINK is the Activity Subcategory, which includes individual best management practices or actions. You may find it useful to track expenditures by Activity Subcategories, but, for grant verification purposes, expenditures will be aggregated to the Activity level.

### Example 1: Time Tracking on a Program and Operations Grant

The first example shows how an employee timesheet records the hours charged to a BWSR FY 2013 Conservation Program and Operations grant (Easement Services) during November 2012. The Grant is

identified, and the hours the employee worked are assigned, not only to the Grant, but also to an Activity. In addition to these essential elements, in this example the grant recipient also tracks location: where the employee was engaged in that Activity (at the SWCD office or in the field).

<b>Grant: BWSR CPOG, Easement Services, FY 2013</b>			
Report Period: November 2012			
Timesheet Report			
<b>Employee Name: RS</b>			
<b>Date</b>	<b>Activity</b>	<b>Location</b>	<b>Hours</b>
15-Nov-11	Technical/Engineering Assistance	SWCD	1
17-Nov-11	Administration/Coordination	SWCD	3
22-Nov-11	Education/Information	Field	4
30-Nov-11	Technical/Engineering Assistance	Field	1
<b>Total Hours</b>			<b>9</b>

### Example 2: Time Tracking on a Project-Based Grant

The second example shows how an employee timesheet records the charged to a BWSR FY 2013 competitive (CWF) grant during November 2012. The example is similar to the one above, but adds the elements of Activity Subcategory and a description of the Activity (in this case, the location of the practice or project being worked on). Because this CWF grant has a match requirement that can be met by contributing in-kind hours, the example includes separate columns for hours charged to the grant and hours contributed in match.

<b>Grant: BWSR CWF Grant, FY 2013</b>						
Report Period: November 2012						
Timesheet Report						
<b>Employee Name: RS</b>						
<b>Date</b>	<b>Activity</b>	<b>Activity Subcategory</b>	<b>Description (Optional)</b>	<b>Hours Charged to Grant</b>	<b>Hours Contr. in Match</b>	<b>Total Hours</b>
15-Nov-11	Administration/Coordination			3	3	6
17-Nov-11	Project Development	Bioretention Basin	Jones	5		5
22-Nov-11	Project Development	Bioretention Basin	Smith	3		3
30-Nov-11	Tech./Eng. Assistance	Bioretention Basin	Jones	4	3	7
<b>Total Hours</b>				<b>15</b>	<b>6</b>	<b>21</b>

Again, the most important thing about a time tracking system for verification purposes is that it connects the hours worked and charged to a specific BWSR Grant, identified in the grant agreement by program and fiscal year.



# Best Practice: Determining a Billing Rate

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Often the most efficient way to charge staff time to a grant is through a billing rate. A billing rate is the employee's base or direct rate--the rate that shows up on the employee's pay check--plus the "extra costs" that are necessary to keep that person employed. These extra costs--employee benefits such as cost of leave, employee insurance, pensions, and unemployment--are allowable if they are reasonable and required by law, policy, or government-unit employee agreement.

A billing rate may also include administrative costs. Some administrative costs, when they are dedicated to supporting a particular program or project, should be billed directly. Usually, however, administrative support is more broadly allocated. In general, if you can associate a cost with a specific grant, you should charge it to that grant as a direct cost. If a cost supports more than one grant, you should include it in your billing rate.

## Definitions

### **Administrative Cost:**

A cost that supports the primary activity or activities funded by the grant. Administrative costs include the overall management of the organization, record keeping, reporting, and related activities.

### **Base or Direct Rate:**

The rate that is reported on an employee's paycheck. It is either his or her direct hourly rate, or the hourly rate that is obtained by dividing the annual salary by 2088: the number of workable hours in a year.

### **Billing Rate:**

An employee's base or direct rate, plus the "extra costs"--employee benefits such as cost of leave, employee insurance, pensions, and unemployment--that are necessary to keep that person employed.

### **Workable Hours:**

The number of hours that an employee could work in a year. It equals 2088<sup>1</sup>.

### **Hours Actually Worked:**

The number of hours that an employee actually works in a year. It equals workable hours (2088) minus holidays and vacation.

## Example of Billing Rates

The following example shows how one grant recipient arrives at a billing rate for BWSR funded programs and projects. The LGU is staffed by three employees: a district manager, a conservation technician, and an administrative assistant.

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<sup>1</sup> The Legislative Coordinating Commission calculates FTEs based on a denominator of 2,088 workable hours in a year. See Minnesota Statutes 2013, section 3.303, subdivision 10.

An employee's base or direct rate is arrived at by dividing his or her yearly salary by 2088 (the number of workable hours in a year).

To arrive at a billing rate, two additions are made to this base rate: 1) a rate/hour for employee benefits, and 2) a rate/hour for administrative costs<sup>2</sup>.

Here is the LGU's statement of expenditures for the year:

<b>EXPENDITURES</b>		
<b>Salary and Benefits</b>		
1	District Manager's Salary	\$55,000
2	Conservation Technician's Salary	\$40,000
3	Administrative Assistant's Salary	\$35,000
4	FICA	\$12,000
5	Medicare	\$3,000
6	PERA	\$13,000
7	Health Insurance	\$30,000
	<b>Total Salary and Benefits</b>	<b>\$188,000</b>
<b>Other Services and Charges</b>		
8	Rent	\$4,000
9	Utilities	\$3,000
10	Employees' Education, Training and Exp.	\$500
11	Professional Services--Licenses	\$2,500
12	Professional Services (Audit)	\$1,000
13	Insurance	\$6,000
14	Software Licenses	\$2,000
15	Vehicle Expense	\$7,000
16	Equipment Repair and Maintenance	\$700
17	Postage	\$400
18	Phone (Land and Cell) and Internet	\$2,000
	<b>Total Other Services and Charges</b>	<b>\$29,100</b>
<b>Supplies</b>		
19	Office Supplies	\$1,000
20	Field Supplies	\$400
	<b>Total Supplies</b>	<b>\$1,400</b>
<b>Equipment</b>		
21	Equipment	\$3,000
	<b>Total Equipment</b>	<b>\$3,000</b>
	<b>TOTAL EXPENDITURES</b>	<b>\$221,500</b>

<sup>2</sup> In this example, "administrative costs" are goods and services like rent, utilities, professional services, equipment, and supplies. Administrative costs do *not* include the staff time of employees of the LGU. Staff time should be billed directly to BWSR grants, not included in an administrative or overhead rate.

**Figure 1: LGU's Statement Of Annual Expenditures**

Lines 4-7 in Figure 1 = the LGU's costs of benefits for its three employees.  
 Lines 8-13 and 16-19 = total administrative costs. These are goods and services that are not specific to certain grants, but benefit the LGU's operations as a whole.

<b>Employee Benefits</b>		
	Total Benefits, Three Employees (Lines 4-7)	\$58,000.00
	Each Employee's Share	
A	District Manager's Benefits	\$23,000.00
B	Conservation Technician's Benefits	\$20,000.00
C	Administrative Assistant's Benefits	\$15,000.00
<b>Administrative Costs</b>		
D	Total Administrative Costs (Lines 8-13 and 16- 19)	\$21,100.00
E	Each Employee's Share (\$21,100 / 3)	\$7,033.33

**Figure 2: Benefits and Administrative Costs, Each Employee's Share**

In this example, total administrative costs for the LGU = \$21,100. This can be divided by 3, to arrive at an "administrative share" for each employee of \$7,033.33.

Lines 14-15, 20-21 in Figure 1 = total direct charges. These are other goods and services that are specific to certain grants. They will not be included in the billing rate, because they are billed to those grants directly.

To allow for cost of leave, divide the sum of each employee's salary, benefits, and share of administrative costs by a denominator, not of workable hours, but hours actually worked.

<b>Hours Actually Worked By Each Employee</b>		
	"Workable" Hours in a Year	2088
	Hours Actually Worked (Workable Hours Minus Leave) By	
F	District Manager	1800
G	Conservation Technician	1850
H	Administrative Assistant	1850

**Figure 3: Hours Actually Worked By Each Employee**

You will then arrive at billing rates for the three employees of this hypothetical LGU that include allowances for benefits, administrative costs, and the cost of leave.

<b>Addition to Direct Rate for Benefits</b>		
I	District Manager (Line A / Line F)	\$12.78
J	Conservation Technician (Line B / Line G)	\$10.81
K	Administrative Assistant (Line C / Line H)	\$8.11
<b>Addition to Direct Rate for Administrative Costs</b>		
L	District Manager (Line E / Line F)	\$3.91

M	Conservation Technician (Line E / Line G)	\$3.80
N	Administrative Assistant (Line E / Line H)	\$3.80

**Figure 4: Additions To Individual Employee’s Billing Rates for Benefits and Administrative Costs**

In summary—

Calculation of Billing Rates Charged to BWSR Grants			
Formula	District Manager	Conservation Technician	Administrative Assistant
Salary / Workable Hours =	\$55,000 / 2088 =	\$40,000 / 2088 =	\$35,000 / 2088 =
Direct Rate	\$26.34	\$19.16	\$16.76
Salary / Hours Actually Worked =	\$55,000 / 1800 (line F) =	\$40,000 / 1850 (line G) =	\$35,000 / 1850 (line H) =
Direct Rate	\$30.56	\$21.62	\$18.92
Direct Rate + Prorated Benefits	\$30.56 + \$12.78 (line I) =	\$21.62 + \$10.81 (line J) =	\$18.92 + \$8.11 (line K) =
	\$43.33	\$32.43	\$27.03
Direct Rate + Prorated Benefits +	\$43.33 + \$3.91 (line L) =	\$32.43 + \$3.80 (line M) =	\$27.03 + \$3.80 (line N) =
Prorated Administrative Costs	\$47.24	\$36.23	\$30.83
<b>BILLING RATES</b>	<b>\$47.24</b>	<b>\$36.23</b>	<b>\$30.83</b>
Billing Rate * Hours Worked =	\$47.24 * 1800 (line F) =	\$36.23 * 1850 (line G) =	\$30.83 * 1850 (line H) =
True Cost of Employees	\$85,032.00	\$67,025.50	\$57,035.50

**Figure 5: Calculation of Billing Rates Charged to BWSR Grants, Summary**

Billing rates must be based on actual costs. When actual costs are not available for the year being calculated, they can be taken from the previous year’s financial statements. Similarly, the leave hours subtracted from the workable hours to arrive at the number of hours actually worked can be holiday and vacation hours taken during the previous year. Subtracting hours accrued rather than actual hours taken is not allowed. A separate billing rate should be calculated for each employee. Rounded billing rates, or a single rate that is the average rate for all employees of an organization, while they may be used for estimating budgets in work plans, are not allowed for charging staff time to BWSR grants. Billing rates should be reevaluated annually.

Billing rates used to charge staff time to BWSR grants may not include an allowance for administrative or indirect costs made up of the salary and benefits of LGU employees who are not working directly on grant activities. BWSR provides general, program and operations grants (i.e., Local Water Management, Conservation Delivery) to pay for administrative activities directly. Staff time for Administration/Coordination, Project Development, and Technical Assistance activities can and should be directly charged to BWSR grants.

In summary, costs that are charged to BWSR grants—staff time, goods and services, outside consultants or contractors—must be direct and necessary to produce the outcomes funded by the grant. If you can associate a cost with a specific grant, you should charge it to that grant as a direct cost. If you are unsure whether a cost should be included in your billing rates or directly charged to a program or project, we recommend that you charge it directly. For example, if you buy a piece of equipment to use on a particular grant, it should be charged as a direct cost to that grant. Costs that you are charging directly cannot also be included in any billing rate calculation. If you are unsure of how to charge a cost

to a BWSR grant, or whether a cost is allowable at all, consult with your Board Conservationist or Grants Compliance Specialist. Whatever you charge to the grant must be itemized and documented.

During the verification process, you will be asked to provide your supporting calculations for your billing rate, and discuss your justification for the allowances that you include within it.

# Conflict of Interest

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A conflict of interest, whether actual or perceived, occurs when someone in a position of trust has competing professional or personal interests and these interests make it difficult to fulfill professional duties impartially. Recipients of BWSR grants are responsible for adopting local conflict of interest policies and procedures. BWSR may review the policies or procedures as part of a spot check, monitoring, or verification procedure.

Grant recipients should incorporate conflict of interest procedures into meetings that are part of a grant-decision process by including an agenda item to identify and disclose actual or perceived conflicts of interest. During this agenda item, the chair of the meeting makes a statement that defines what a conflict of interest is and requests that meeting participants disclose any actual or perceived conflicts. It is the participant's obligation to be familiar with the local conflict of interest policy and to disclose any conflicts of interest. A disclosure does not automatically result in a participant being removed from the meeting or process, only that the conflict has been identified.

Recipients of Clean Water, Land, and Legacy Amendment funds may have additional requirements for reporting identified conflict of interest.

## Example Policy Language

The following example policy language is from the Minnesota Department of Public Safety, *Office of Justice Programs Grant Manual*, page 9:

[www.ojp.state.mn.us/Grants/Grant\\_Manual.PDF](http://www.ojp.state.mn.us/Grants/Grant_Manual.PDF)

“No official or employee of a state or unit of local government or a nongovernmental recipient shall participate personally through decisions, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise in any proceeding, application, request for a ruling or other determination, contract, award, cooperative agreement, claim, controversy, or other particular matter in which award funds (including program income or other funds generated by federally-funded activities) are used, where to his/her knowledge, he/she or his/her immediate families, partners, organization other than a public agency in which he/she is serving as an officer, director, trustee, partner, or employee, or any person or organization with whom he/she is negotiating or has any arrangement concerning prospective employment has a financial interest of less than an arms-length transaction.

In the use of agency project funds, personnel and other officials shall avoid any action which might result in, or create the appearance of:

- Using his or her official position for private gain.

- Giving preferential treatment to any person.
- Losing complete independence or impartiality.
- Making an official decision outside of official channels.
- Affecting adversely the confidence of the public in the integrity of the government or the program.”

# Financial Management and Accounting

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Financial management systems must meet the following standards:

- **Financial reporting.** Accurate, current and complete disclosure of the financial results of grant supported activities.
- **Accounting Records.** Adequate identification of the source and application of funds for grant-funded activities. Records must contain information about the grant award and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures and income.
- **Budget Control.** Actual expenditures must be compared with budgeted amounts.
- **Commingling of Funds.** Federal (and state) agencies do not require physical segregation of cash deposits. However, funds specifically budgeted and/or received for one project may not be used to support another. Where an accounting system cannot comply with this requirement, the grantee shall establish a system to provide adequate fund accountability for each project where grant funds have been awarded.
- **Internal Control.** Effective control and accountability must be maintained for all grant cash, real and personal property and other assets to ensure that all such property is safeguarded and used solely for authorized purposes. A sound internal control system will also verify the accuracy of accounting information, promote operational efficiency and encourage adherence to management policies and generally accepted accounting principles and have written policies and procedures governing accounting/financial management operations.
- **Accounting Basis.** Two accounting methods for recording financial operations are acceptable: cash basis or accrual basis. Cash basis accounting recognizes income when actually received and expenses when actually paid. Accrual basis accounting recognizes income when measurable and expenses when the obligations are incurred, although not yet paid. Grantees must be consistent and cannot switch between cash and accrual during the contract period.

Grantees that use cash basis accounting are able to claim expenses incurred prior to the end of the contract period, but not yet paid until after the end date in a manner similar to agencies which use accrual basis accounting. The grantee must be able to prove that the expense(s) was incurred and obligation(s) created prior to the end of the contract.



Acceptable documentation would be written invoices, work orders, etc. which show the actual date that the expense was incurred.

In addition to maintaining an adequate accounting/financial management system, grantees are responsible for promptly reporting any circumstances surrounding any financial irregularities discovered or suspected. Failure to report known irregularities may result in termination of the grant contract and/or other action on the part of BWSR.

## **Grant Program Income**

Program-related income is defined as gross income earned by the recipient during the funding period as a direct result of the award. Records of the receipt and disposition/disbursement of program-related income must be maintained by the grantee in the same manner as required for grant funds that give rise to the income. This procedure is applicable to any funds received on or after July 1, 2011.

**Interest Earned on Program Income** – If program income is maintained in an interest bearing account you must include the interest earned as program income.

**Use of Program Income** – Program income must be used for the purposes and under the conditions applicable to the grant. Program income may be used to supplement project costs or reduce project costs or may be returned to BWSR. Program income may only be used for allowable program costs.

**Addition Method of Handling Program Income** – Program income shall be added to the funds committed in the agreement. The program income shall be used as earned to expand the project, continue the project or obtain equipment or other assets needed for the project

**Program Income in the Event of a Canceled Grant** - In the event an entire grant is canceled and if program income is maintained in an interest bearing account, you must include the interest earned with funds returned. Program income from a grant where the project is complete and a portion of funds are returned, i.e. the project came in under budget, should be included in calculating the amount of funds to be returned.

# Best Practice: Program and Project Accounting

Because of the wide variety of grants that BWSR disburses to local governments, the accounting systems and structures that are already in place at those local governments, and the many different funding sources that local governments have to deal with and are held accountable to, it is impossible to dictate a universal method of accounting for BWSR grants that will work for all. What we can do is offer you a few examples of good practices that we have collected during our verification visits, and specify the essential elements that they track. You can then adapt these examples to your own systems.

## Example 1: Program Summary

The first example shows how a grant recipient might summarize the expenditures, including staff time, on a BWSR Conservation Program and Operations Grant—in this case, the Wetland Conservation Act (WCA) program.

Grant: BWSR NRBG, WCA, FY 2013							
Salaries							
Employee Name	Hourly Rate	Activity (Grant Hours/ Match Hours)		Total Hours (Grant/ Match)	Total Amount Charged to Grant	Total Amount Contr. in Match	Total Amount Spent
		Admin./ Coord.	Tech./ Eng. Assist.				
Hanna Gray	\$40/hour	50/50	10	60/50	\$2400	\$2000	\$4400
Ed Levi	\$30/hour		300	300	\$9000		\$9000
<b>Subtotal</b>					<b>\$11400</b>	<b>\$2000</b>	<b>\$13400</b>
Expenses							
Expenses		Activity		Amount Budgeted		Amount Spent	
Vehicle Expense		Admin./Coordination		\$400		\$395	
Field Supplies		Supplies/Equipment		\$20		\$20	
Postage		Admin./Coordination		\$10		0	
<b>Subtotal</b>						<b>\$415</b>	
Transfers:							
To SWCD						\$5000	
<b>Total</b>				<b>\$18815</b>			

Figure 5. Program Accounting

To save space on the page, the example lists hours charged to the grant by Activity in the same column as hours contributed in match. It may be clearer to list them in separate columns. After summarizing staff time expenditures, the worksheet lists the other direct costs charged to the grant, similarly categorizing them by eLINK Activity.

Note: The staff time listed in this program summary, as well as in the following example, is meant to be a summary only. It should be backed up by a more detailed time tracking system, one that tracks the time spent on the grant by multiple employees not only by grant and activity, but also by date. For examples of good time tracking, see “Best Practice: Time Tracking.”

### Example 2: Project Summary

Here is an example of accounting for expenditures on a Clean Water Fund project. The example tracks staff time assigned to the Activity of Technical/Engineering Assistance separately from the expenditures assigned to the Activity of Conservation Drainage. In addition, local dollars contributed to the projects in match are separated out from other spending on the project, so that the costs charged to the grant can be totaled separately.

<b>Grant: BWSR CWF Grant, FY 2013</b>				
<b>Salaries</b>				
<b>Activity: Administration/Coordination</b>				
<b>Employee</b>	<b>Hourly Rate</b>	<b>Total Hours Worked</b>	<b>Total</b>	
Hanna Gray	\$40/hour	10	\$400	
<b>Subtotal</b>			<b>\$400</b>	
<b>Activity: Conservation Drainage</b>				
<b>Description</b>	<b>Amount Budgeted</b>	<b>Amount Spent</b>	<b>Match</b>	<b>Amount of Grant Spent</b>
Jones	\$300	\$300	\$50	\$250
Smith	\$400	\$290	\$50	\$240
<b>Subtotal</b>				<b>\$490</b>
<b>Total</b>				<b>\$1040</b>

**Figure 7. Project-Based Accounting, CWF Grant**

These examples are not exhaustive, nor are they meant to be definitive. There may be other data elements that you track in your time, program, or project-based accounting systems, depending on your own capacities and needs. Yet these are the data that, at a minimum, BWSR will collect to reconcile the expenditures on your BWSR grants.

# Payroll and Personnel Records

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Recipients of BWSR grants are responsible for maintaining records relating to personnel and are encouraged to have comprehensive personnel policies and policies which govern payroll functions. At a minimum, personnel policies should address the following: hiring procedures, new employee orientation, work schedules, compensation, timekeeping, benefits, worker's compensation, performance appraisal, data privacy, leave, separation from employment, and complaint & grievance procedures.

The following guidelines provide minimum requirements for personnel/payroll transactions that are part of a grant project:

- Adequate records must be maintained to support benefits accrued and used, e.g. sick and vacation time. If an employee is working part-time under the grant, benefit costs must be prorated.
- Grantees are to comply with all aspects of applicable U.S. Wage and Hour Rules regarding the earning and payment of overtime. To access information from the U.S. Department of Labor Employment Standards Administration Wage and Hour Division, go to: <http://www.dol.gov/esa/whd>.
- The state will not participate in any monetary settlements, judgments or claims levied against a funding recipient due to noncompliance with laws, rules or regulations governing employer/employee payments.

Consult your legal advisor or an employment law specialist for specific personnel or payroll questions.

For guidance on tracking the time that your employees charge to BWSR grants, see "Best Practices: Time Tracking."

## **Independent Contractors**

Grantees may use independent contractors; however, keep in mind that a strictly contractual relationship must be distinguished from an employment relationship under the Fair Labor Standards Act (FLSA). Typically, independent contractors do not acquire tenure rights or any rights or benefits by way of Worker's Compensation, Unemployment Compensation, medical and hospital insurance, sick and vacation leave, severance pay, pensions or any other right or benefit normally provided to your employees. In addition, independent contractors do not have taxes withheld from their compensation. An employer can be held liable for employment taxes, plus interest and penalties, if a worker is incorrectly classified as an independent contractor. Consult IRS Publication #15a or an employment law specialist for additional information.

## **Stipends**

Grantees should not use stipends to hire individuals for scheduled duties, whether payment is by cash or check. Stipends are generally small allowances or living expense reimbursements paid to program volunteers for the purpose of compensating them for their “out-of-pocket” expenses. Remember, the concept of a “paid volunteer” sounds very much like an “employee.”

# Private and Nonpublic Data

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Be aware that the financial records and other grant files that you keep may contain private and nonpublic data. Private data are data identifying an individual that are only available to the individual or with the individual's consent (for example, social security numbers, or documentation of an individual's low income status). Nonpublic data are data on a business or other entity that are only available to the subject of the data or with the subject's consent (for example, bank account or credit card information). For more information on these categories and the Minnesota Data Practices Act, see <http://www.house.leg.state.mn.us/hrd/pubs/dataprac.pdf>.)

You are in compliance with the Minnesota Data Practices Act if you collect and store data on individuals only as needed to administer programs authorized by law (Minn. Stat. § 13.05, subd. 3). For example, if you need to verify low-income status for a cost-share payment, you may collect and store evidence of that status. Indeed, BWSR may collect private and nonpublic data to verify compliance to the terms of the grant agreement, and we may need to store data to answer to our own auditors. If you store private and nonpublic data, you should limit access to them to those with a need to know. Documentation that is stored electronically, without controlled access, should have all private and nonpublic data redacted or blacked out before scanning.

# What to Expect During a Verification Site Visit

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The heart of the Grants Monitoring, Reconciliation and Verification policy is the grants verification site visit. Because we perform grant verifications on ten percent of all BWSR grants annually, chances are you may be “verified” in the future—if you haven’t been already.

During a grant verification site visit, BWSR checks what you (the grant recipient) have received in grant funds from the state (your revenue) against what you have spent—and matched—on local programs, operations, and projects (your expenditures). **The central question in a verification visit is whether expenditures match revenue.** If they do, we say the grant is **reconciled**.

Grant verification, however, is a broader term. It encompasses not only financial reconciliation, but also checks whether the terms of grant payments— as stated in the grant agreement, the BWSR *Grant Administration Manual*, and all applicable state rules and regulations—have been complied with. It also includes an assessment of the grant recipient’s internal control environment.

Because it includes an assessment of internal controls, grant verification begins on site, in the LGU’s office.

At present, we select one past fiscal year of grants to verify, and look at all your grants within that fiscal year.

## Other Things to Know

### Time-frame:

Verification site visits generally take up to a day to complete, depending upon the accessibility of the data and information provided above. On occasion, a visit may extend into two days, if the information is not readily available or the recipient has received numerous grants during the period being verified. Because each grant recipient in the county will be visited, usually starting with the county government, the visit to your individual office will take only part of the time.

### BWSR Staff Present:

Two to three (sometimes more) BWSR staff will be present and conducting the grant verification in your office. Typically, they will include: a Grants Compliance Specialist, the Fiscal Compliance Director, and your regional Board Conservationist.

### What we bring to a verification visit:

- Executed grant agreements, approved work plans, and any amendments to either.
- Program Allocation and Contribution statements
- eLINK reports (see “eLINK Reporting”).
- Interim and Final Financial Reports.
- Communications with BWSR related to the grant and grant amendments.

**What you bring (besides access to your grant and program files):**

- Meeting Room: a meeting room to accommodate your local staff and BWSR staff should be made available for the duration of the verification visit. Please indicate to BWSR staff if local internet access is available.
- Local Staff Present: Your organization will be required to at a minimum have at least one representative of the following:
- Staff person with knowledge and access to your financial accounting system, and
- Staff person responsible for overseeing the implementation of BWSR programs.

**What we take away:**

Verification visits will go most smoothly if you are able to **scan** .pdf versions of the financial records listed in this guidance document, for us to take and keep for our files. The documentation should be grouped by grant, with those records that pertain to your organization as a whole—like payroll records and a calculation of your billing rates per employee, and a budget to actual report of your administrative costs—grouped separately.

## **What is Expected for Future Follow-up?**

**Additional Data Requests:**

BWSR may ask for additional data to be submitted to fully verify financial expenditures.

**Verification Results Form and Letter from BWSR:**

The results of the verification will be sent to you via a Verification Results Form and a letter, which will be copied to your LGU's administration and Board. If we have recommendations or corrections, the results will be of two types:

- Observations, which will be accompanied by Recommendations. Observations do not require corrective action or a formal response, but may be revisited in a future grant reconciliation or verification.
- Findings, which will be accompanied by a Corrective Action Plan. Findings require a formal response to the Corrective Action Plan, and may result in the suspension of future grant payments until they are resolved.

We aim to submit the letter within 90 days of the verification visit.

For information about the levels of grant noncompliance, see "Grant Noncompliance."



# Frequently Asked Questions

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**How do I combine state and federal grant funds?** Coordinating federal and state requirements can be challenging and communications with both the federal and state grant program managers is recommended. Be sure to detail the amount, source, and match requirements of each fund applied to the project. When making payment on a contract with funds from multiple grant sources or fiscal years, note the amount from each grant or fiscal year on a voucher form or attachment and issue one check, noting the amount from each grant or fiscal year.

**Can I use state funds to repair previously installed conservation practices that have been damaged or removed?** Depends on the grant program or funding source, as well as if the practice met its effective life, the reason(s) the practice was damaged or removed, and if the proposed replacement provides equivalent benefits. Consult your Board Conservationist for more information.

**Do I need to issue a 1099?** For financial assistance that is a reimbursement for expenses, a 1099 form is generally not needed. For incentive payments the form may be needed. Consult the *IRS Publication 225* or your tax advisor for additional information.

**Where do I find more information about prevailing wage?** Prevailing wage requirements apply to all state funds that are used to contract for construction projects. Questions about the application of prevailing wage rates should be directed to the Minnesota Department of Labor and Industry at [www.dli.mn.gov/LS/PrevWage.asp](http://www.dli.mn.gov/LS/PrevWage.asp). The responsibilities of a grant recipient are to (1) be aware of prevailing wage and ensure their project's cost proposals address this requirement; (2) include prevailing wage information in their bid and contract documents; and (3) receive and maintain the payroll reports that contractors will furnish every two weeks. Prevailing wage does not apply to administrative activities of the grant recipient or construction activities directly conducted by a local government, i.e. if an SWCD uses its own staff to plant trees, prevailing wage would not apply, but if they contracted with Joe's Planting Service it would.

**Who is eligible for BWSR grants?** General parameters and eligibility are set by the grant program appropriation and associated policies. Performance on prior BWSR grants may affect eligibility. Consult your Board Conservationist for more information.



**Minnesota Board of Water and Soil Resources  
Return of State Grant Funds**

This form is to be used when returning unspent or unencumbered State of MN grant funds. As stated within the Terms of Payment section of your Grant Agreement, any funds remaining unspent or becoming unobligated or unencumbered after the end of the Grant Contract Period **must** be returned within one month of that date. Please attach this form to all returned grant fund checks submitted to BWSR and keep a copy for your file.

Grantee/LGU :  
 Grant Title :  
 Grant Amount :  
 Grant Fiscal Year :  
 Board Conservationist :

<b>Agreement PO#*</b>	
<b>Check Number</b>	
<b>Refund Amount</b>	
<b>Contact Name</b>	
<b>Contact Phone Number</b>	

\*The PO# can be found on your executed grant agreement.

**All checks are to be made payable and mailed to:**

**MN Board of Water and Soil Resources  
 c / o Accounting Coordinator  
 520 Lafayette Road  
 St. Paul, MN 55155  
 651-296-3767**

# Implementing Contracts with Land Occupiers

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This document provides the guidance for implementing contracts, commonly called cost share or conservation practice contracts, with land occupiers. For contract implementation requirements specific to a particular grant or funding source, refer to the State grant rules, policies, agreements, and work plans for that source. Additionally, the guidance presented here assumes a specific parcel or location for a potential project has already been identified through planning or resource assessment.

Note: for the purposes of this document, *land occupier* means a person, corporation, or legal entity that holds title to or is in possession of land as an owner, lessee, tenant, or otherwise.

## *Project Technical Assessment*

Once an issue or location for a potential conservation project is identified, a technical assistance provider with appropriate expertise will gather information necessary to provide an initial recommendation on the practice(s) needed to address the issue. Some of the information may be gathered from resources within the office, other information will require visiting the site and communications with the land occupier. The following information is needed to complete this technical assessment:

- The nature of the problem and the overall resource management needs of the area where the problem is occurring.
- The possible conservation or management practice(s) needed to effectively treat the problem as well as preliminary cost estimate(s) for designing and installing the practice(s).
- Whether the identified solution(s) would have adverse impacts on other resources, cultural resources, threatened and endangered species, wetlands, or flood plains of the area.
- If solving the problem is consistent with the intent of the State funds available as well as the organization's plans and priorities.
- The land occupier's objectives and abilities to implement and maintain the identified conservation practice(s). The land occupier should be provided with established rates for in-kind services and materials at this time.
- Whether the contributing watershed is a sediment source that will prevent normal operation and maintenance and reduce a proposed practice's effective life.
- Whether or not the problem is related to non-compliance with existing regulations, such as a soil loss ordinance, buffer requirement, or zoning restriction.
- Estimated benefit(s) for the practice(s) proposed, such as tons/acre.

## *Project Application and Contracts*

**The conservation practice contract, signed by the land occupier, is the land occupier's application for assistance.** This application may be required prior to completing all or a portion of the technical assessment to provide documentation of permission for the technical assistance provider to access the parcel. After the technical assessment is completed, the application must be signed by the land occupier if further assistance with the conservation practice(s) identified is desired. If the land occupier does not hold title to the land, i.e. the land occupier is a lessee or tenant, the landowner(s)

must also sign the application. The signed application must reference the conservation practice(s) recommended by the technical representative and include a cost estimate for installation.

The organization board or council will then review the completed application and technical assessment information to determine whether or not to fund the proposed conservation practice(s). The primary purpose of the conservation practice(s) must meet the intent of the State grant program and any grant program-specific policies, including approved work plans, if applicable.

### **Guidelines for Evaluating Applications**

- Grant agreement has been executed.
- Proposed conservation practice(s) meet intent of funding source.
- Technical assessment was completed by a technical representative with appropriate qualifications.
- Work on the practice(s) has not started.
- Starting and completion dates are reasonable.
- Additional considerations may include Bid Law, Prevailing Wage, Freedom of Information Act, Open Meeting Law, and requirements from the State Historical Preservation Office.

The organization board or council must take action to approve or deny the application. If approved, the application must be signed by the organization and land occupier notified. If denied, the organization should notify the land occupier in writing of the reason for denial. Either action must be documented in the organization meeting minutes as the legal record of the board or council's action and intent. Complete minutes will document the applicant's name, the contract number, the amount(s) and source(s) of funds being applied to the project, the type of project or practice(s) being installed, and any other information necessary to fully indicate the action and intent.

**A completed application is a contract** that provides the legal standing to insure practices are installed and maintained according to approved standards and specifications. The organization should include with the notice of approval to the land occupier a copy of the signed and dated contract and an outline of the next steps. Next steps may include, but are not limited to, timeline for finalization of plans and specifications, permits required to be obtained by the land occupier, and information about project assurances such as recording practices.

### **Group Projects**

Where the cooperation of several land occupiers is required, a group project addendum may be used in addition to the contract. The group spokesperson identified on the addendum signs the contract on behalf of the group and negotiates all project details with the organization. Payment for the organization's share of the practice is issued to the group spokesperson. The group spokesperson is responsible for executing the division of payment according to the plan prepared by the group and should inform all of the members of the operation and maintenance requirements.

### ***Design and Implementation***

Once the contract has been approved and executed, the technical assistance provider proceeds with design and implementation activities. These activities generally include the following:

- Final design of the conservation practice(s); including preparation of construction plans, specifications, and bid documents as appropriate.
- Development of the operation and maintenance plan for the practice(s), including coordination with the land occupier.

- Monitor construction and certify installation according to the plans and specifications, including as-built documents.
- Review and certify any proposed changes or amendments to the practice(s).
- Review invoices and receipts submitted by the land occupier to ensure expenses are consistent with the installed practice(s).
- Follow up with the land occupier and conduct periodic site inspection of operation and maintenance over the effective life of the practice(s), according to the operation and maintenance plan.

Note that the technical assistance provider may vary depending on the phase of implementation.

### *Amendments to Conservation Practice Contracts*

Changes to an executed contract are considered an amendment to the contract and subject to review and approval by the organization. Amendments are limited to extensions of starting or completion dates, increases or decreases to estimated project cost, changes to practice type(s), or to identify a different land occupier. Amendments should be considered only when circumstances such as weather, unforeseen cost or soil conditions, or other uncontrollable events occur and should be approved with discretion. The procedure to amend a contract is as follows:

1. The land occupier provides information justifying the need for an amendment and completes the amendment form. The form may be completed in consultation with the technical representative.
2. The technical assistance provider reviews the proposed amendment and certifies on the form that the change is necessary.
3. The organization reviews the amendment request and either approves or denies the request.
  - a. If approved, the date of approval is recorded at the top of the original contract and the amendment form is signed and dated by the board or council chair or delegated authority. A copy of the approved amendment is sent to the land occupier.
  - b. If denied, the land occupier should be notified in writing of the reason for denial of the application.
4. Amendments must be filed in advance of and approved prior to final payment request.
5. If an amendment request is received that involves dates outside the executed State grant agreement, grant program policies and BWSR staff must be consulted and a grant agreement amendment may be required.

### *Payment Procedures*

Payments to land occupiers are made only after all practices are installed and certified complete by the technical representative. Partial payment may be considered for projects that are phased or in cases where weather or unanticipated circumstances force postponement of completing the project. The procedures for issuing payment are as follows:

1. The land occupier incurs all expenses for project implementation and submits receipts or invoices to the organization. The land occupier certifies, by signing the Voucher Form, that the submitted materials are accurate and a true summation of actual costs of practice construction. Receipts or invoices should include the following information:
  - a. the name of the vendor;
  - b. the materials, labor, or equipment used to establish the practice;
  - c. the component unit costs (e.g., hours, feet, cubic yards, etc.); and
  - d. date the work was performed.

In-kind services and materials provided by the land occupier such as, but not limited to, earthwork, seedbed preparation, seeding, and permanent fencing materials may be credited toward the land occupier's share of total eligible cost of the practice. Organization rates for in-kind services should be established through local policy and provided to the land occupier prior to project initiation.

2. The technical assistance provider certifies the practice was installed according to standards and specifications and the receipts or invoices submitted reflect the actual cost of the practice by signing the voucher. Certification may also be accomplished through detailed written communication from the technical representative.
3. The completed voucher can be processed as any other bill or invoice the organization receives, according to the organization's policies and procedures. In cases where the actual cost of the practice exceeds the estimated cost on the contract, the organization may provide reimbursement for the difference only if an amendment to the contract was previously approved.
4. A letter or notice of payment approval, a copy of the voucher or communication from the technical representative, and a copy of the final as-built documents should be sent to the land occupier along with the payment.
5. Requests for partial payment should be considered and approved for payment only when the practice(s) will still be completed within the terms of the contract and according to the specifications and standards as planned. All expenses incurred to correct damage caused by the land occupier's failure to expeditiously complete the practice must be borne by the land occupier, and the land occupier is required to repay a partial payment if the practices is not satisfactorily installed.

Reimbursement amounts for materials, labor, and equipment may be adjusted if the amounts are not believed to be an accurate representation of average or appropriate costs or if more than the minimum amounts of necessary components (e.g., extra fence) to establish the practice were purchased. If adjustments are made or the organization determines that certain claims are not justified, the reasons for the adjustments should be documented in writing and an explanation provided.

Submitting false bills is considered fraudulent. The potential for this to occur can be avoided by officially adopting a policy to only accept paid receipts for reimbursement.

### ***Conservation Practice Contract Noncompliance***

Failure to complete, maintain, or repair a conservation practice or unauthorized alteration is considered non-compliance with an executed conservation practice contract. These situations may be identified through complaints, site investigations, or other means and typically can be resolved quickly and informally. The following procedure provides a framework to follow if non-compliance issues cannot be informally resolved.

1. After learning of potential non-compliance issue, begin with review of the contract language, project file contents, and operation and maintenance plan and discuss the non-compliance with the land occupier where appropriate.
2. Complete an on-site investigation, take photographs, and complete a practice site inspection form.
3. Keep a log of dates, times, communications, and facts surrounding the investigation. Keep this log in the project file as documentation of the facts.

4. If the initial investigation identifies an obvious non-compliance situation and the land occupier agrees to take immediate corrective action, document this decision and follow-up in a reasonable amount of time to see that corrective actions were taken.
5. If the land occupier is not cooperative, will not allow access, or corrective actions are not implemented in a reasonable timeframe, a formal Corrective Action Plan may need to be considered. A Corrective Action Plan should:
  - a. solicit land occupier input to determine if the land occupier has knowledge of conditions or suggestions of actions that are somewhat different from what the technical representative has identified but may achieve the same desired end result;
  - b. reference the items in the cost-share contract or operation and maintenance plan that are not in compliance;
  - c. specify what the land occupier must do to correct the situation;
  - d. give reasonable deadlines for performance; and
  - e. request a response from the land occupier within a reasonable time.

Occasionally, an organization's best efforts to resolve non-compliance issues may not be successful. If the land occupier fails to respond, refuses to sign and/or does not implement the Corrective Action Plan, the organization may want to request the assistance of the organization's attorney.

# Operation, Maintenance, and Inspection of Practices

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The preparation and implementation of operation and maintenance plans is critical to ongoing performance of practices installed with State funds and is required for applicable BWSR grant programs. Minor maintenance needs can quickly become major, costly maintenance problems if left untreated. Periodic site inspections by qualified technical staff are necessary to ensure operation and maintenance is implemented effectively. This document provides general requirements for operation, maintenance, and inspections of practices and projects installed with State funds.

## *Preparation of Operation and Maintenance Plans*

Qualified technical staff must prepare an operation and maintenance (O&M) plan specific to the site and project constructed. The plan should be prepared prior to project installation and reviewed by both the land occupier and contractor. O&M plans should:

- Detail the O&M activities that are likely to be required for the project;
- Identify O&M needed for the watershed contributing to the project;
- Specify how and when to accomplish all activities;
- Identify the inspection schedule required; and
- Specify contact information should questions or issues arise.

In some circumstances, a party other than the land occupier may be designated as responsible for operation and maintenance. In these cases, additional contracts or agreements may be required. Refer to grant program specific requirements or the grant agreement for more information.

## *Operation and Maintenance Responsibilities*

The project contractor is responsible for installing a conservation practice that fully conforms to the design standards and specifications. Typically, the contractor's responsibility for operation and maintenance during construction terminates when work has been completed and accepted by the contracting officer - generally the land occupier based on advice by the technical assistance provider.

Under certain circumstances, such as a factory warranty on an electric motor for an agricultural waste system, the contractor's liability for operation and maintenance may be extended for a specified number of months or years beyond the date of certification of practice completion.

When work on the project has been completed and accepted, responsibility for financing and performing operation and maintenance moves to the land occupier. The land occupier should inspect the practice on a regular basis and perform the designated activities as required by the operation and maintenance plan.

If there is a malfunction or failure of the practice or project, the land occupier should immediately notify the organization providing State funding for the practice or project. Responsibility for malfunctions and failures will vary depending on the reason for and extent of the issue. For projects with a conservation practice contract, see the information and steps for contract non-compliance in the Contracts with Land Occupiers section.

Should the land occupier fail to maintain installed practices during their effective life according to the operation and maintenance plan, the land occupier may be liable to the State of Minnesota for up to one hundred fifty percent (150%) of the financial assistance received to construct, install, or otherwise establish the practice.



## *Practice Site Inspections*

Qualified technical staff shall confirm that the operation and maintenance plan is being followed and the project has not been altered or removed, by conducting periodic site inspections. The inspection schedule should be identified in the operation and maintenance plan. Inspections are to:

- Verify that all components of the practice, including upland protection or contributing watershed treatment, remain in place and are in good repair; and
- Identify repairs necessary in accordance with the operation and maintenance plan; and
- Identify further assessment or action needed if necessary repairs are beyond the scope of the operation and maintenance plan.

Practice site inspections are generally required to be completed at a *minimum* of one year after completion, then at 33 percent and 66 percent intervals, and at the next to last year of the effective life of the project. However, the frequency of actual inspections should be specific to the site, project installed, and findings on previous inspections. In addition, inspections should be performed on a case-by-case basis, such as after storms producing unusually heavy runoff or possibly if property ownership changes. For a conservation practice with a minimum effective life of ten years, the end of the first, third, and ninth years following the certified completion is recommended. For capital improvement projects having a minimum effective life of 25 years, inspection at approximately the end of the first, eighth, seventeenth and twenty-fourth years following certified completion is a recommended minimum.

The findings of site inspections should be documented and this documentation kept in the project file. Documenting inspections over time is important for identifying compliance and/or non-compliance with the operation and maintenance plan, as well as for verifying the practice is meeting its intended purpose. An example practice site inspection form is available.

See document at: [http://www.bwsr.state.mn.us/native\\_vegetation/seeding\\_guidelines.pdf](http://www.bwsr.state.mn.us/native_vegetation/seeding_guidelines.pdf)

Need to get original from Dan Shaw and convert to manual format (HTML)

# Recording Conservation Practices

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The recording of conservation practices on the property title at the county recorder's office notifies subsequent buyers of the existence of the practice or practices on the property and their obligation to maintain these practice(s) during the effective life. Recording or additional assurances that the project will meet its expected life may be required by statute, rule, policy, grant agreement, or through local decision. Additional assurances may include easements, enforceable contracts, or termination or performance penalties - be sure to review specific grant program information for requirements. Local decision makers may also want to consider requiring recording where local, state, and federal contributions together equal or exceed specific program requirements, as means to achieve long-term maintenance, or if the practice is located on lands likely to change ownership frequently.

## Process for Recording Conservation Practices

Land occupier means a person, corporation, or legal entity that holds title to or is in possession of land as an owner, lessee, tenant, or otherwise including contract for deed.

- The land occupier(s) should be notified, prior to signing a conservation practice contract, that recording will be required. Examples of the required recording forms should be provided.
- After the conservation practice contract is approved, local staff should contact the county recorder's office to document the ownership of the land where the practice will be constructed and begin to complete the recording form(s). See the below for guidance on which recording forms are to be used when. If a practice is located in two or more counties, it must be recorded in each county.
- Once the conservation practice(s) is installed and certified as complete, the land occupier(s) must sign all required recording form(s). Signatures must be notarized. If a land occupier(s) refuses to record a practice, any payments made must be refunded.
- When complete, the recording form(s), consent form(s) and other attachments are brought to the county recorder's office and recorded.
  - Copies of all documents are sent to the land occupier(s) at their place of residence and filed at the local office.
- Recording must be completed prior to final payment and may be considered a part of the project expense.

## Instructions for Recording Conservation Practices Forms

All entries must be typed, with the exception of the sketch and signatures.

1. **Name and address of land occupier(s) or corporation.**
  - a. Indicate the conservation practice contract number and attach a copy of the contract and any amendments to the form. If there are multiple contracts for the same site, contracts may be grouped for a single recording with the county recorder.
  - b. If the land occupier(s) are a husband/wife, note that after the name. Even if only one spouse is listed on the deed of record, both names must be listed.
  - c. If there are additional land occupiers other than the spouse, attach additional sheet(s) with the name and address, signature block, and area for the notary and county recorder. Note the attachment at the top of the primary form.
  - d. If there is a Contract for Deed, include both the seller and the buyer's name and address. Both must sign the form.
  - e. If land is owned by a corporation or partnership, use the corporate recording form. You will need to see a copy of the articles of incorporation or by-laws for the corporation or partnership and possibly current meeting minutes to accurately determine who is empowered to sign on behalf of the corporation or partnership.
2. **Description of Practice.** Describe the conservation practice including type, quantity and, if possible, dimensions of the practice.
3. **State Cost Share Amount.** Indicate the total dollar amount of state funds provided in cost share payments, including amendments to cost share amounts in the total when appropriate.
4. **Duration of Practice.** Indicate the duration of the conservation practice, generally beginning with the final payment was authorized and ending with that date plus the required years of effective life of the practice.
5. **Location of Practice.**
  - a. The locale of the permanent conservation practice by appropriate  $\frac{1}{4}$ ,  $\frac{1}{4}$  description; example: SE  $\frac{1}{4}$  of the SE  $\frac{1}{4}$  of Section 16, T112N, R30W.
  - b. Sketch practice on the section diagram.
  - c. Attach a copy of the aerial photo identifying the location of the practice and/or sketch the permanent conservation practice including the scale and location identification.
6. **Signatures and Acknowledgement.** Use black ink pens for all signatures. All signatures must be the same as they appear on the land title.
  - a. If the land occupier(s) are a husband/wife and even if only one spouse is listed on the deed of record, both must sign the form.
  - b. For corporations and partnerships, only those empowered to sign as listed in the articles of incorporation should sign the form. Make sure to list their title in the corporation or partnership after their signature.

## Examples of What Form to Use and When

Situation	Form	Who Signs
<i>Individual landowner owns property; no mortgage</i>	Recording of State Conservation Practices, Individual	Landowner and spouse
<i>Contract for Deed</i>	Recording of State Conservation Practices, Individual	Landowner and spouse (buyer) and seller and spouse
<i>Individual landowner has a mortgage (with a mortgage company) on property</i>	Recording of State Conservation Practices, Individual; Mortgagee's Consent form, Corporation	Landowner and spouse Mortgage Company
<i>Corporation or partnership owns property, no mortgage</i>	Recording of State Conservation Practices, Corporation	Corporation officials or Partners
<i>Corporate landowner has a mortgage (with a mortgage company) on property</i>	Recording of State Conservation Practices, Corporation Mortgagee's Consent form, Corporation	Corporation officials Mortgage Company

## CONSERVATION PRACTICE ASSISTANCE CONTRACT

### General Information

Organization	Contract Number	Other federal or other state funds? Yes <input type="checkbox"/> No <input type="checkbox"/>	Amendment <input type="checkbox"/> Board meeting date(s) _____	Canceled <input type="checkbox"/> Board meeting date: _____
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\* If a contract amended, attach amendment form(s) to this contract.

### Applicant

Land Occupier Name	Address	City/State	Zip code
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\* If a group contract, this must be filed and signed by the group spokesperson as designated in the group agreement and the group agreement attached to this form.

### Conservation Practice Location

Township Name	Township	Range	Section	1/4, 1/4
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### Contract Information

I (we), the undersigned, do hereby request cost-share assistance to help defray the cost of installing the following practice(s) listed on the second page of this contract. It is understood that:

1. The land occupier is responsible for full establishment, operation, and maintenance of all practices and upland treatment criteria applied under this program to ensure that the conservation objective of the practice is met and the effective life, a **minimum of \_\_\_\_ years**, is achieved. The specific operation and maintenance requirements for the conservation practice listed are described in the operation and maintenance plan prepared for this contract by the organization technical representative.
2. Should the land occupier fail to maintain the practice during its effective life, the land occupier is liable to the State of Minnesota for the amount up to 150% of the amount of financial assistance received to install and establish the practice unless the failure was caused by reasons beyond the land occupier's control, or if conservation practices are applied at the land occupier's expense that provide equivalent protection of the soil and water resources.
3. If title to this land is transferred to another party before expiration of the aforementioned life, it shall be the responsibility of the land occupier who signed this contract to advise the new owner that this contract is in force and to notify other parties to the contract of the transfer.
4. Practice(s) must be planned and installed in accordance with technical standards and specifications of the: \_\_\_\_\_
5. Increases in the practice units or cost must be approved by the organization board through amendment of this contract as a condition to increase the cost share payments.
6. This contract, when approved by the organization board, will remain in effect unless canceled by mutual agreement, except where installations of practices covered by this contract have not been started by \_\_\_\_ (date), this contract will be automatically terminated on that date.
7. Practices will be installed by \_\_\_\_ (date) unless this contract is amended by mutual consent to reschedule the work and funding.
8. Items of cost for which reimbursement is claimed are to be supported by invoices/receipts for payments and will be verified by the organization board as practical and reasonable. The organization board has the authority to make adjustments to the costs submitted for reimbursement.

**Applicant Signatures**

The land occupier's signature indicates agreement to:

1. Grant the organization's representative(s) access to the parcel where the conservation practice will be located.
2. Obtain all permits required in conjunction with the installation and establishment of the practice prior to starting construction of the practice.
3. Be responsible for the operation and maintenance of conservation practices applied under this program in accordance with an operation and maintenance plan prepared by the organization technical representative.
4. Not accept cost-share funds, from state and federal sources combined, that are in excess of \_\_\_\_ percent of the total cost to establish the conservation practice and provide copies of all forms and contracts pertinent to any other state or federal programs that are contributing funds toward this project.

Date	Land Occupier
Date	Landowner, if different from applicant  Address, if different from applicant information:

**Conservation Practice**

The primary practice for which cost-share is requested is \_\_\_\_\_

Practice standards or eligible component(s)	Engineered Practice ( <input type="checkbox"/> yes or <input type="checkbox"/> no ) Ecological practice ( <input type="checkbox"/> yes or <input type="checkbox"/> no )	Total Project Cost Estimate
---------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------

**Technical Assessment and Cost Estimate**

I have the appropriate technical expertise and have reviewed the site where the above listed practice is to be installed and find it is needed and that the estimated quantities and costs are practical and reasonable.

Date	Technical Representative
------	--------------------------

**Amount Authorized for Financial Assistance**

The Organization Board has authorized the following for financial assistance, total not to exceed the overall percent listed indicated in 4, above.

\$ \_\_\_\_\_ from \_\_\_\_\_  
Enter program name and fiscal year

\$ \_\_\_\_\_ from \_\_\_\_\_  
Enter program name and fiscal year

\$ \_\_\_\_\_ from \_\_\_\_\_  
Enter program name and fiscal year

Board Meeting Date	Authorized Signature	Total Amount Authorized \$ _____
--------------------	----------------------	-------------------------------------

## AMENDMENT TO CONSERVATION PRACTICE ASSISTANCE CONTRACT

Organization	Contract Number	Amendment Number	Amendment Type Date: <input type="checkbox"/> Amount: <input type="checkbox"/> Land Occupier: <input type="checkbox"/>
		Board meeting date: _____	

The parties whose names are signed below hereby agree that the above-referenced conservation practice assistance contract is amended as follows:

**IT IS AGREED THAT:**

The original contract, as numbered, shall remain in full force and effect, except for those changes made necessary by this amendment.

This amendment is to take effect on the date of the last signature hereto.

Date	Land Occupier
Date	Land Occupier

**Technical Assessment and Cost Estimate**

I have viewed the site where the above listed are to be installed and find that they are needed, and that the **amended** estimated quantities, costs or completion date described above are practical and reasonable.

Date	Technical Representative

**Organization Approval**

Board Meeting Date	Authorized Signature



# CONSERVATION PRACTICE ASSISTANCE CONTRACT

## *GROUP PROJECT ADDENDUM*

### General Information

Contract No.	Date	Group Spokesperson
--------------	------	--------------------

### Applicant Information and Signatures

We (the undersigned) are interested in developing and conserving our soil, water and related resources to meet the objectives of our group. In order to meet our group objectives, we request assistance to help us plan and apply proper land use and conservation treatment measures as agreed upon by our group.

We understand that this help is contingent upon staff assistance from the organization and in conformance with its policies and priorities.

We further understand that the below designated group spokesperson is authorized to sign the Conservation Practice Contract\* and shall do the negotiating with the organization. Prior to the approval of this application the spokesperson shall prepare a division of payments schedule agreed to by the undersigned and attach the plan to this form.

---

Group Spokesperson	address	city/state/zip code
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Group member	address	city/state/zip code
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Group member	address	city/state/zip code
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Group member	address	city/state/zip code
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Group member	address	city/state/zip code
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Group member	address	city/state/zip code
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Group member	address	city/state/zip code
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Group member	address	city/state/zip code
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\*Attach this form to Conservation Practice Contract



## PRACTICE SITE INSPECTION FORM

### General Information

Organization	Contract Number	Primary Practice	Practice Installed Date
--------------	-----------------	------------------	-------------------------

Land Occupier	Address	City/State/Zip
---------------	---------	----------------

### Conservation Practice Location

Township Name	Township	Range	Section	1/4,1/4 Section	County Number	Minor Watershed Number
---------------	----------	-------	---------	-----------------	---------------	------------------------

### Inspection Information

Inspection Date	Name	Practice Condition*	Contributing Watershed Condition*	Suggested Maintenance

Attach additional sheets if necessary.

**CONDITIONS**

- N/E -
- Excellent -
- Good -
- Fair -
- Poor -
- PNT -

**DEFINITION**

- Has not yet been established as planned.
- Is fully established as planned and is in excellent condition.
- Is fully established as planned and is in adequate condition.
- Action is required to improve and/or provide maintenance.
- Needs immediate land occupier action to comply with the terms of the O&M plan.
- Practice no longer there.

Notes:

I certify the operation and maintenance for this practice has been satisfactorily completed for its designed expectancy.

\_\_\_\_\_  
Technical Representative

\_\_\_\_\_  
Date

# VOUCHER AND PRACTICE CERTIFICATION FORM

## PAYEE AND COST INFORMATION

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Contract No.: \_\_\_\_\_ Total Amount Authorized: \_\_\_\_\_  
(from contract)

Item	Quantity	Unit	Unit Price	Cost
_____	_____	_____	_____	\$0.00
_____	_____	_____	_____	\$0.00
_____	_____	_____	_____	\$0.00
_____	_____	_____	_____	\$0.00
_____	_____	_____	_____	\$0.00
_____	_____	_____	_____	\$0.00
_____	_____	_____	_____	\$0.00
_____	_____	_____	_____	\$0.00

**PAYMENT REQUEST:** \$0.00

I certify that this is an accurate and true summation of the actual costs and quantities of material, labor, and equipment used on the above project. In cases where the receipts included items not used on the project, I have corrected them accordingly.

\_\_\_\_\_  
Payee Signature

\_\_\_\_\_  
Date

## PAYMENT AND CERTIFICATION INFORMATION

- A. Type of request (partial or final): \_\_\_\_\_
- B. Total cost of practice (if final): \_\_\_\_\_ % approved
- C. Eligible amount (total cost x % approved): \_\_\_\_\_ \$0.00 (from contract)
- D. Total other state and federal payment amount: \_\_\_\_\_
- E. Total previous partial payments: \_\_\_\_\_
- F. Maximum payment amount (C - D - E) \_\_\_\_\_ \$0.00

**Amount Approved for This Voucher:** \_\_\_\_\_  
(cannot exceed Total Amount Authorized)

**Technical Certification**  
I certify that an inspection has been performed and as-built received and that the items identified under the Cost Information section of this form have been completed and are in accordance with the requested practice standards and specifications.

**Administrative Certification**  
I certify that I have reviewed this voucher and all supporting information, including invoices and paid receipts, and that to the best of my knowledge and belief, the quantities and billed cost or disbursements are accurate and are in accordance with terms of the contract identified.

\_\_\_\_\_  
Technical Representative

\_\_\_\_\_  
Administrative Sign-off

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

# Clean Water Fund

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The Clean Water Fund was established to implement part of Article XI, Section 15, of the Minnesota Constitution, with the purpose of protecting, enhancing, and restoring water quality in lakes, rivers, and streams in addition to protecting ground water and drinking water sources from degradation.

BWSR has a number of Clean Water Fund grant and easement programs that encourage strategic collaboration and partnerships and utilize a wide range of conservation practices and tool. Grantees are responsible for the administration and decisions concerning the local use of these funds in accordance with: BWSR Clean Water Fund Policy, the grant agreement, the work plan, the grantee's policies, and all other applicable laws.

The following table identifies where to look for program requirements and guidance. Implementation of this program shall follow the requirements and guidance identified here.

Item	Location
Eligible activities, effective life, and ineligible practices	Program Policy
Cost share rates	Program Policy
Technical Approval Authority (TAA), technical expertise, and practice sign off	Program Policy Manual: Technical Quality Assurance
Expenditure of grant funds, conservation practice contracts, and conservation practice contract non-compliance	Program Policy Manual: Implementing Contracts with Land Occupiers
Practice sign-off and payment	Program Policy Manual: Grant Closeout
Project Assurances	Manual: Project or Practice Assurances
Reporting Requirements	Program Policy <a href="http://www.bwsr.state.mn.us/grants/reporting.html">www.bwsr.state.mn.us/grants/reporting.html</a>
Inspections	Program Policy Manual: Operation & Maintenance
BWSR monitoring and closeout of grants	Grant agreement and Program Policy Manual: Grants Monitoring, Reconciliation and Verification

Item	Location
Records retention, including program and project file requirements	Program Policy Manual: Records Management and Retention, Financial Record Keeping
Grant non-compliance and penalties	Manual: Grant Noncompliance
Match and in-kind requirements	Program Policy
Grant Amendments	Manual: Amendments to Grants and Work Plans

# Habitat Evaluations

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This program annually evaluates a sample of up to ten Clean Water Fund restoration projects with habitat restoration benefits and provides a report on the evaluations in accordance with state law (M.S. 114D.50 Subd. 6.) <https://www.revisor.mn.gov/statutes/?id=114D.50>. The goal of this program is to provide greater transparency and accountability in the “on the ground” efficacy of restoration projects in achieving stated water quality goals. In addition, this program intends to improve future restoration outcomes by communicating challenges and lessons learned from practice to facilitate a feedback loop among administrating and managing agencies and the community of practitioners.

Program managers of selected projects will be asked to provide site specific project data on the goals, location, site conditions and timeline of restoration implementation activities. A site visit to one or more project sites will be conducted by designated site assessors with expertise in the project type being evaluated. Observations from the field visit will be communicated with project managers and reviewed by the Restoration Evaluation Panel. A project evaluation profile, including the site assessor’s observations and the Panel’s comments and recommendations, will be presented in the following Fiscal Year’s Legacy Restoration Evaluation Report.

For further information, please contact Wade Johnson, Restoration Evaluations Program Coordinator at [Wade.A.Johnson@state.mn.us](mailto:Wade.A.Johnson@state.mn.us)

# Indirect Costs

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The 2011 Legislature, during the Special Session, said that Legacy (Clean Water) Funds “must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation.” At the request of the Legislature, in December 2012, Minnesota Management and Budget issued guidance to help grant recipients and subrecipients interpret this requirement. It said that “the ‘direct and necessary’ requirement. . . should not prohibit the use of indirect cost billing for necessary administrative costs when that is the most efficient mechanism, nor does it require agencies or sub-grantees to subsidize administrative costs associated with legacy fund programs with other sources of funding.” In short, administrative costs can be charged to Clean Water funded, BWSR grants when the grant recipient is able “to document and defend their legacy fund expenditure as needed, reasonable, consistently applied, and rationally allocated.”

## Best Practice

We recommend that you develop one billing rate for each employee, which includes the administrative costs that support your CWF-funded projects, and use it to charge the staff time that you allocate to all BWSR grants\*. This billing rate should include only administrative costs that are “direct and necessary” to perform CWF-funded projects. This is because the Legacy Amendment that funds Clean Water projects also contains the requirement that its funds be used to “supplement, not substitute” existing programs and projects. Clean Water funds may NOT be used to substitute for traditional funding sources.

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*\*There may be special restrictions on the use of BWSR funds from certain other, dedicated sources. “General operations, overhead, and other indirect expenses,” for example, may not be paid for with project funds from the Environment and Natural Resources Trust Fund (ENRTF), unless an explicit exception is sought. These restrictions will be specified in the Request for Proposals (RFP) from the particular funding source, or in the enabling legislation.*

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# Legacy Logo

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The Legacy Logo was created to represent and identify projects funded by the Clean Water, Land and Legacy Amendment. If you are a recipient of funds from the Clean Water Fund, the logo may be displayed:

- On legacy funded construction projects
- At access points to any land or water resources restored, protected, or enhanced through legacy funds
- On printed and other materials funded with money from one or more of the funds.

For more information on the usage of the Legacy logo, refer to the Legacy Logo Guideline at the following: [http://www.legacy.leg.mn/sites/default/files/resources/Legacy\\_Logo\\_Guidelines.pdf](http://www.legacy.leg.mn/sites/default/files/resources/Legacy_Logo_Guidelines.pdf)



# Prevailing Wage

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In compliance with Minn. Stat. § 177.43, subd. 3 and § 177.44, subd. 5, the wages of laborers, workers, and mechanics on projects financed in whole or part by State funds should be comparable to wages paid for similar work in the community as a whole. Project includes erection, construction, remodeling, or repairing of a public building or other public work financed in whole or part by State funds.

It is the responsibility of the grant recipient or contractor to pay prevailing wages on construction projects to which state prevailing wage laws apply (Minn. Stat. 177.42 – 177.44). All laborers and mechanics employed by grant recipients and subcontractors funded in whole or in part with state funds included in this RFP shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality. Additional information on prevailing wage requirements is available on the Department of Labor and Industry (DOLI) website: <http://www.dli.mn.gov/LS/PrevWage.asp> . Questions about the application of prevailing wage rates should be directed to DOLI at 651-284-5091. The Grant recipient is solely responsible for payment of all required prevailing wage rates.

# Supplanting

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Supplanting: This addresses a requirement in MS 114D.50 Subd. 3 (b)“Funds from the clean water fund must supplement traditional sources of funding for these purposes and may not be used as a substitute”  
<https://www.revisor.mn.gov/statutes/?id=114D.50>

Grant funds may NOT be used to substitute for traditional funding sources. That is, they may not be used for administrative expenses unrelated to the project, general operating costs, or maintenance expenses.

## CHECKLIST ITEMS FOR PROCESSING A COST-SHARE CONTRACT

Contract Number:

Land Occupier/Group Spokesperson:

Conservation district technical representative:

Conservation Practice (NRCS – FOTG)

Other:

Date Completed:

Conduct field investigation of the problem

Complete technical assessment and cost-estimate (steps on the back of this page)

State board approval received (if practice is not on the approved practice list)

Conservation district board review of eligibility criteria

Conservation district board action completed check-off requirements:

- |                                                         |                                                      |
|---------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> set cost-share maximum rate    | <input type="checkbox"/> documented in the minutes   |
| <input type="checkbox"/> approved & signed (encumbered) | <input type="checkbox"/> approval/denial letter sent |

**Technical requirements completed check-off requirements:**

- |                                                       |                                                      |
|-------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> approval for other standards | <input type="checkbox"/> practice designed           |
| <input type="checkbox"/> permits attained             | <input type="checkbox"/> practice construction       |
| <input type="checkbox"/> as-built                     | <input type="checkbox"/> certification of completion |

**Financial transactions completed check-off requirements:**

Partial Payments

- Land occupier notified of the status and terms of partial payment
- Cost-Share Voucher and Practice Certification Summary received for partial payment
- Partial payment approved on

Final Payment

- Cost-Share Voucher and Practice Certification Summary received for final payment
- Conservation district board certifies the voucher has been reviewed for accuracy
- Conservation district board approves final payment
  
- Reporting requirements completed
- Project in eLINK
- Funds expended
- Project mapped
- Benefit calculation (if required) completed

## TECHNICAL ASSESSMENT

1. The problem does  does not  meet the high priority erosion  water quality  definition.

Explain:

2. Conservation practices that will effectively treat the problem:

Alternatives:

Recommendation:

3. Potential impacts caused by the construction of the conservation practice:

Cultural resources (including historical):	<input type="checkbox"/> No	<input type="checkbox"/> Yes (please explain)
Threatened or endangered species:	<input type="checkbox"/> No	<input type="checkbox"/> Yes (please explain)
Wetlands:	<input type="checkbox"/> No	<input type="checkbox"/> Yes (please explain)
Other:	<input type="checkbox"/> No	<input type="checkbox"/> Yes (please explain)

4. Watershed treatment assessment:

percent of the contributing watershed acres controlled by the land occupier has the needed cultural, management, or structural practices in place, or scheduled to be installed to stabilize sources of damaging sediment and surface water runoff.

Runoff from the contributing watershed (including land not controlled by the land occupier) will  will not  prevent the practice from achieving its intended purpose with normal operation and maintenance of the practice.

Notes:

Insert Letterhead

Date:1/1/2002

Subject: **Cost-Share Contract Approval**

Dear: Insert Applicants Name

The District Name Soil and Water Conservation District board has approved your application for State Cost-Share assistance to construct Insert Practice Name. The cost-share assistance cannot exceed \$0.00 or percent of the total cost, whichever is less.

The SWCD is proceeding to develop a conservation practice plan that includes the standards and specifications that must be followed when constructing the practice. In addition, the district is compiling an operation and maintenance plan that indicates your responsibilities to maintain the practice during its effective life. It is important that you do not begin constructing the practice until the SWCD has supplied you with the completed documents. Before starting to construct the practice, please notify the SWCD office.

Upon completion of the project all paid receipts must be brought to the SWCD office. The SWCD board will review the receipts, make adjustments if deemed appropriate, and issue a reimbursement check.

Enclosed is a copy of the cost-share contract you entered in with the SWCD board. Please read it over and feel free to contact the office at 999-999-9999 if there are any questions.

Sincerely,

Name of district representative

Title

Enclosure

Insert Letterhead

Date:1/1/2002

Subject: Cost-Share Contract Denial

Dear: Insert Applicants Name

The District Name Soil and Water Conservation District board regrets to inform you that due to lack of funds the District will be unable to provide State Cost-Share your Insert Practice Name. The shortfall of funds requires the SWCD board to carefully prioritize applications according to the resource protection priorities identified in our comprehensive plan and the County's Comprehensive Local Water Management Plan.

We encourage you to apply again next year. Regardless of available funds, the SWCD will continue to provide you with technical assistance to treat the erosion problem. Please contact District Representative at 555-555-5555 for more information regarding the Conservation Practice Name conservation practice or other alternatives to treat the erosion problem.

Thank you for your interest in the State Cost-Share Program.

Sincerely,

Name of district representative

Title

Enclosure

**CORRECTIVE ACTION PLAN – STATE COST-SHARE PROGRAM**

**--STATUS VERIFICATION --**

- LAND OCCUPIER IS NOW IN COMPLIANCE** *(check here to certify that the non-compliance or violation has been resolved).*
- LAND OCCUPIER IS NOT IN COMPLIANCE** *(see Corrective Action Transmittal).*
- LAND OCCUPIER DID NOT RESPOND** within 30 days of his/her receipt of *Corrective Action Transmittal*

\_\_\_\_\_  
District Technical Assistance Provider

\_\_\_\_\_  
Date

*Corrective Actions Required:*

Item	Deadline

*We, the undersigned, do hereby agree that implementation of this Corrective Action Plan will resolve the contract violation.*

\_\_\_\_\_  
District Technical Assistance Provider

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Land Owner Signature

\_\_\_\_\_  
Date

**LANDOWNER: You must sign this form in the space above and return it to the SWCD within 21 working days of the SWCD signature. Failure to agree to the *Corrective Action Plan* will place you in a violation status, subject to possible legal action.**

**--CERTIFICATION OF APPLICANT REFUSAL TO COOPERATE --**

*(To be completed by the SWCD if the applicant does not agree to the corrective action plan or does not implement its provisions)*

On behalf of the \_\_\_\_\_ Soil and Water Conservation District, I hereby declare that the *Corrective Action Plan* described herein has been sent via United States Postal Service Registered Mail to the applicant and that the applicant refuses to acknowledge and/or implement the corrective actions within the required timelines.

\_\_\_\_\_  
SWCD Chair Signature

\_\_\_\_\_  
Date

**CORRECTIVE ACTION TRANSMITTAL – STATE COST SHARE PROGRAM**

SWCD: \_\_\_\_\_

Land Occupier Name: \_\_\_\_\_

Address: \_\_\_\_\_

DESCRIPTION OF NON-COMPLIANCE *(to be completed by the conservation district)*:

**CORRECTIVE ACTIONS REQUIRED:**

Item

Deadline

Approved by SWCD: \_\_\_\_\_  
(Chairman’s Signature)

\_\_\_\_\_  
(Date)

*Note: Attach a copy of the State Cost-Share Program Site Inspection form that identifies the problem.*

**LAND OCCUPIER RESPONSE:**

\_\_\_\_\_

I, \_\_\_\_\_, *(print name)* have read the *Corrective Actions Required* listed above and forward my statement for consideration by the district in the resolution of this matter.

\_\_\_\_\_  
(Land occupier signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Land owner signature, if different from land occupier)

\_\_\_\_\_  
(Date)

**This form must be signed and returned to the Soil and Water Conservation District office within 30 days after signature by the district for land occupier input to be considered.**



### Small Acreage Assessment

Name: \_\_\_\_\_ Assessment Date: \_\_\_\_\_  
Address: \_\_\_\_\_ Planner: \_\_\_\_\_  
City: \_\_\_\_\_ E911 Sign \_\_\_\_\_  
Agency: \_\_\_\_\_ LAT / LONG (X / Y): \_\_\_\_\_  
Township Range Section: \_\_\_\_\_

#### Stand Inventory Worksheet (Complete one sheet for each stand or different area on the property.)

\_\_\_\_\_ Stand number or letter (mark this on your map)  Neighboring property

**Soil** – dig a small hole about a foot deep. Is the soil at the bottom of the hole:

- Sand  Wet **OR**  County Soil Survey: \_\_\_\_\_  
 Clay (sticky and hard to dig)  Dry Soil Type: \_\_\_\_\_  
 Loam (rich, black dirt)

**Slope** – is the land:  Level  Hilly (If it's hilly, which direction does the hill face:  
 North  East  South  West  Rolling, no specific direction

Comments / suggested opportunities: \_\_\_\_\_

**Woodland** – Predominant tree type:

Deciduous (broadleaf, loses leaves in fall). List species you recognize in order of predominance: \_\_\_\_\_

Evergreen (leaves are needles). List species you recognize in order of predominance: \_\_\_\_\_

Predominant tree size:

- Seeding (under 5 feet tall)  Sapling (5 feet tall to 5 inches in diameter)  
 Pole (5 to 8 inches in diameter at 4 feet above the ground [Dbh])  Sawtimber (over 8 inches Dbh)

Comments / suggested opportunities: \_\_\_\_\_

Tree condition:

- Vigorous (no leaf discoloration, stems are straight without blemishes, few dead branches in the crown)  
 In trouble – check conditions that apply:  
 Discolored or shredded leaves  Odd growths on stems and branches  
 Many dead branches in tree crowns  Many dead trees in the area  
 Other observed problems \_\_\_\_\_

Comments / suggested opportunities: \_\_\_\_\_

Are trees in rows?  Yes  No

Undergrowth:  Pine needles or bare soil  Short (<1 ft.) shrubs & form (species): \_\_\_\_\_

Medium brush (1-3 feet tall) (species): \_\_\_\_\_

Tall brush (over 3 feet tall) (species): \_\_\_\_\_

Density:  Heavy (hard to walk through)  Moderate  Sparse

Comments / suggested opportunities: \_\_\_\_\_

**Developed:**

- Homesite:  
Predominant trees:  Deciduous  Evergreen – list species: \_\_\_\_\_  
Tree size:  Seedlings  Saplings  Pole  Sawtimber  
Tree condition:  Vigorous  Problems. List: \_\_\_\_\_

Hard space mitigation needs: \_\_\_\_\_

Other significant features: \_\_\_\_\_

Comments / suggested opportunities: \_\_\_\_\_

## Conservation Needs Assessment

Name: \_\_\_\_\_

### Basic type:

- Open (grassland, bare soil, pasture, crops, predominantly brush or shrubs – few or no trees)  
 Woodland (predominantly trees)  
 Wetland (open water, wet soil, or periodically wet area)  
 Developed (property with buildings on it or utility right of way)

Comments / suggested opportunities: \_\_\_\_\_  
\_\_\_\_\_

### Shoreline:

- River  
 Lake  
 Small stream or intermittent stream  
 Wetland  
Riparian zone condition:     None     Poor     Good

Concerns or suggested opportunities: \_\_\_\_\_  
\_\_\_\_\_

### Wetland character:

- Open water:     Lake     Stream     Pond     Forested Wetland  
 Seasonally wet area (not always open water). Predominant vegetation:  
 Bare soil     Grasses     Cattails     Shrubs     Type \_\_\_\_\_

Concerns or suggested opportunities: \_\_\_\_\_  
\_\_\_\_\_

### Invasive species present:

- Open     Wooded     Wetland

Concerns or suggested opportunities: \_\_\_\_\_  
\_\_\_\_\_

### Water Quality:

Erosion:

- Gullies present  
 Other \_\_\_\_\_

Concerns or suggested opportunities: \_\_\_\_\_  
\_\_\_\_\_

### Wildlife:

Types:

- Animals: \_\_\_\_\_  
 Food     Habitat     Water  
 Birds: \_\_\_\_\_  
 Food     Habitat     Water

Concerns or suggested opportunities: \_\_\_\_\_  
\_\_\_\_\_

### Other significant features:

- Nest (bird?): \_\_\_\_\_     Animal den (animal?): \_\_\_\_\_  
 Beaver dam     Steep slope     Water seep or spring     Other: \_\_\_\_\_  
 Special species of concern present: \_\_\_\_\_

Concerns or suggested opportunities: \_\_\_\_\_  
\_\_\_\_\_

# COST-SHARE POOLING MEMORANDUM OF AGREEMENT

## PURPOSE

## MEMBERSHIP

### Fiscal Agent:

SWCD will act as the fiscal agent for the purposes of this agreement and agrees to:

- Accept all responsibilities associated with implementation of BWSR grant agreement and MN Statute 103C.501 and Chapter 8400.
- Approve cost-share applications and retain original documentation on file.
- Perform financial transactions as part of contract implementation.

### Participant SWCDs:

SWCDs will cooperate with \_\_\_\_\_ SWCD to pool cost-share funds on projects of mutual benefit to all.

### Home SWCD:

The home SWCD is the county in which the conservation practice is being installed.

## FINANCIAL

All members of this MOA agree to contribute the listed amount of their regular cost-share allocation to the fiscal agent to be used for the purpose of this MOA.

Members	Amount	Comment

## TECHNICAL

The \_\_\_\_\_ SWCD is permitted to use up to 20% of their cost-share funds received under this MOA for technical and administrative services. The home SWCD is responsible for the technical requirements of practices installed. They may request assistance from other technical sources, including the member SWCDs.

**ADMINISTRATION**

1. Applications for these cost-share dollars must be acknowledged by the home SWCD board and forwarded to the prioritization committee with recommendations and comments about the project.
2. A committee consisting of one technician from each member SWCD will prioritize applications for funding prior to the fiscal agents regularly scheduled board meeting.
3. The SWCD must act upon applications before funds are encumbered and the application becomes a contract.
4. SWCD, acting as the fiscal agent, will be responsible to process all cost-share contracts and maintain appropriate financial records and contract files.
5. The fiscal agent will route cost-share payment checks through the home SWCD for delivery to the landowner.
6. The SWCD will maintain work files containing design documentation and copies of cost-share paperwork.
7. The home SWCD is responsible to assure operation and maintenance is accomplished for the life of the practice.
8. The home SWCD is liable for any financial consequences incurred and will reimburse the fiscal agent for such.

**POLICIES**

Cost-share policies more restrictive than state rules must be agreed to by all participants and adopted by the fiscal agent. Policies shall be found in Appendix A.

**BWSR APPROVAL:**

I, \_\_\_\_\_, BWSR Board Conservationist, have reviewed the MOA and agree with its contents. I agree to forward the MOA to the BWSR Grants Coordinator if the undersigned fully agree and sign the MOA.

\_\_\_\_\_ Board Conservationist \_\_\_\_\_  
Date:

**SIGNATURES OF AGREEMENT:**

_____	_____
SWCD	Date
_____	_____
SWCD	Date
_____	_____
SWCD	Date
_____	_____
SWCD	Date