

## FY19 Grants Administration Manual Archive

**Effective Date:** Through 6/30/2019

### Purpose Statement

---

*The following is an archive of the web-based manual as it appeared at <https://bwsr.state.mn.us/gam> through June 30, 2019.*

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 All provisions for the administration of grants that are less restrictive than these administrative requirements are superseded, except to the extent that they are required by statute or regulation, pertain to existing agreements, or are authorized in writing by the Board of Water and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.

## Archive

- [Archive of FY18 GAM](#)
- [Archive of FY17 GAM](#)
- [Archive of CY15 & FY16 GAM](#)
- [Archive of CY14 GAM](#)

# Contents

## *Administrative Requirements*

- About the BWSR Grants Administration Manual (updated 7/1/17)
- Processing a Grant (updated 7/1/17)
- Plan Status and Grant Eligibility Policy (7/1/18)
- Grant Agreement Amendments and Work Plan Revisions (updated 7/1/17)
- Requesting a Reimbursement or Payment (updated 7/1/17)
- Grant Noncompliance (updated 7/1/17)
- Technical Quality Assurance (updated 7/1/18)
- Project and Practice Assurances (7/1/17)
- Records, Program and Project Files (updated 7/1/18)
- Grant Reporting (updated 7/1/17)
- Closing out a BWSR Grant (updated 7/1/17)
- Grant Monitoring and Reconciliation (updated 7/1/18)
- Time and Effort Documentation (updated 7/1/17)
- Determining a Billing Rate (updated 7/1/18)
- Prevailing Wage (updated 7/1/18)
- Private and Nonpublic Data (updated 7/1/17)
- Conflict of Interest (updated 7/1/17)
- Recommended Local Policies and Requirements (updated 7/1/17)
- Financial Management and Accounting (updated 7/1/17)
- Allowable and Unallowable Costs (updated 7/1/18)
- Payroll and Personnel Records (updated 7/1/17)

- Frequently Asked Questions
- Returned Funds Form: Not included. Access this form in eLINK.

### ***Implementing Practices***

- Implementing Contracts with Land Occupiers (updated 7/1/17)
- Operation, Maintenance, and Inspection of Practices (updated 7/1/16)
- Vegetation Requirements (updated 7/1/16)
- Recording Conservation Practices (updated 1/17/17)
- Access the following forms in their current version on the BWSR website
  - Conservation Practice Contract: Flat Rate
  - Conservation Practice Contract: Percentage Based
  - Conservation Practice Contract Amendment
  - Group Addendum for Conservation Practice Contract
  - Practice Site Inspection Form
  - Voucher and Certification: Flat Rate (updated 1/31/18)
  - Voucher and Certification: Percent Based (updated 1/31/18)
  - Mortgagee Consent Corporation (updated 1/31/18)
  - Mortgagee Consent Individual (updated 1/17/17)
  - Recording Form Corporation (updated 1/17/17)
  - Recording Form Individual (updated 1/17/17)

***Programmatic Requirements:*** Not included in this archive. Access current program pages on the BWSR website

***Optional and Example Forms:*** Not included in this archive. Access current forms on the BWSR website

# Purpose and Scope

---

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.

## About the BWSR Grants Administration Manual

**Effective Date:** 7/1/2017

### Purpose Statement

---

The purpose of the Board of Water and Soil Resources (BWSR) Grants Administration Manual (GAM) is to provide the policies, administrative procedures, and best practices for all grants administered through the BWSR.

### Applicability

---

The policies and administrative procedures contained within this manual apply to all grants administered through BWSR, unless a specific Grant Program Policy indicates otherwise.

**Policies** have been adopted by the BWSR Board. These include requirements that apply to all grants, such as BWSR's policy for grant noncompliance or monitoring as well as grant program specific policies. Grant program specific policies provide expectations for individual programs that are generally designated or supported by authorizing statutes or appropriation language and includes such items as eligible activities, application procedures, program-specific requirements, and match requirements.

**Administrative procedures** address matters common to all grants, including topics such as: processing and amending grants, technical quality and project assurances, reporting, and records retention. All provisions for the administration of grants that are less restrictive than these administrative requirements are superseded, except to the extent they are required by statute or regulation, pertain to existing agreements, or are authorized in writing by the BWSR. The Implementing Practices section of the manual 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.

The manual also contains best practices for complying with policies and administrative procedures, and optional and example forms made available for use but not required of any grant program.

This manual will be maintained on the BWSR website. Past versions of the manual can also be found there. Modifications to any section of the manual will include an effective date.

### Terminology

---

The terminology in this section applies to the entire Grants Administration Manual.

**Administration:** General administration such as accounting/finance, clerical support, and management. Includes staff time not directly charged to a grant that supports general office activities and operations. See also Grant Administration.

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

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

**Application:** An application may be specific to a grant program or request for proposal or it may refer to a document where a land occupier request financial assistance from an organization.

**Base Rate:** The hourly rate that is reported on an employee's paycheck. It can be obtained by dividing the annual salary by 2088 (the number of workable hours in a year for a full-time equivalent).

**Billing Rate:** An employee's base rate, plus the costs of benefits, leave, facilities, and administration.

**Capital Asset:** Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with generally accepted accounting principles. Capital assets include: (a) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and (b) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

**Capital Expenditure:** Expenditure to purchase a capital asset, or make improvements to a capital asset that increases value and extends useful life (2 Code of Federal Regulations §200.13).

**Closeout:** A procedure initiated by a grantee to finalize a grant agreement that generally includes submitting final project and financial reports and returning unspent funds to the state. Closeout may also include BWSR review of final project information. See also Reconciliation.

**Conflict of Interest:** An actual, potential, or perceived conflict of interest occurs when a person has actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in negative impartiality to one or both parties. A conflict of interest may exist even if no unethical, improper or illegal act results.

**Conservation Practice Contract.** A contract between a grantee and land occupier(s) to provide a legal standing to insure practices are installed and maintained according to approved standards and specifications. Also called a Cost Share Contract

**Contract:** An agreement to provide a good or service that legally binds two or more parties. Consultation with legal counsel prior to entering into a contract is recommended.

**Contractor:** A person or organization that enters into a contract with a grantee or land occupier to provide goods or services, and that is not an employee of the grantee.

**Cost Share:** Financial assistance provided to land occupiers.

**Cost Share Contract:** A contract between a grantee and land occupier(s) to provide a legal standing to insure practices are installed and maintained according to approved standards and specifications. Also called a Conservation Practice Contract.

**Direct Cost:** A cost that can be identified specifically with a particular final objective.

**Effective Date:** The date an agreement begins, as stated in the agreement.

**Equipment:** Property that has a useful life expectancy of more than one year and is not expected to be significantly depleted in use. See also the Allowable costs section of this manual.

**eLINK:** An online database for grantees to apply for grants, enter work plans, and submit progress reports. This system allows BWSR to track progress on the use of state funds distributed to our partners through competitive and non-competitive processes.

**Executed Date:** The date of the last signature by all parties on an agreement. Except when provided by the individual grant program policy, work may not begin under the grant agreement until it is fully executed.

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

**Expiration Date:** The end date stated in the grant agreement or the date that all obligations have been satisfactorily fulfilled, whichever comes first.

**Facilities:** General operating and maintenance expenses, such as insurance, rent, and utilities.

**Financial Report:** A report is submitted by a grantee when a payment request is being made, after all grant funds have been spent, after a financial reconciliation, or the grant agreement expires. It is a summary of financial expenditures specific to each grant at the time the report is generated.

**Financial Reconciliation:** Reconciling a grantee's reported expenditures for a given period with supporting documentation, such as purchase orders, receipts and payroll records. Reconciliation occurs before final payment is made or grant closeout.

**Fiscal Agent:** The entity that will receive grant funds with a State-issued vendor number through the MN Department of Administration, Materials Management Division (MMD).

**Grant Administration:** Activities such as local grant tracking, grant agreement management, reporting, and project management or oversight of activities. See also Administration.

**Grant Agreement:** A written instrument or electronic document defining a legal relationship between a granting agency and a grantee 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 Agreement Amendment:** An addition, deletion, or change to a fully executed grant agreement.

**Grant Assignment:** A grant agreement summarizes the rights, responsibilities, and duties of BWSR and the grantee. When some or all of these rights, duties, and responsibilities are transferred to a different entity, it is known as “grant assignment.” Grant assignment is generally not permitted without written approval from BWSR and the grantee. An executed assignment agreement is needed to transfer any rights, responsibilities, or duties under a grant agreement to a different entity.

**Grant Budget:** A plan for all income and expenses for the grant project. Grant budgets typically include line items for salaries and benefits, contracted services, training, travel and transportation, equipment, office expenses, and program expenses.

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

**Grantee or Grant Recipient:** The party responsible for implementing the terms of the grant agreement with BWSR. Also see Fiscal Agent.

**Authorized Representative:** The person or position designated by the grantee as the point of contact for a particular grant. It is recommended to be a staff person, not an elected or appointed official.

**Incentives and Incentive Payments:** Payments to encourage land occupiers to install or adopt land management practices. Incentive payments may require a form 1099 be filed with the IRS and 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.

**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.

**Match:** Services, materials, or cash contributed to the accomplishment of grant objectives. Specific program policy may have stricter requirements for what may be used as match.

**Modified Base Rate:** An employee’s base pay rate plus additions for benefits and leave.

**Monitoring:** A procedure of reviewing and documenting progress towards grant agreement implementation and compliance with grant agreement provisions.

**Monitoring Visit:** A visit involving both state granting agency staff and the grantee that occurs during the grant period. The purpose of grant monitoring visits is to review and ensure progress toward the grant’s goals, address any problems or issues before the end of the grant period, and build rapport between the state agency and the grantee.

**Not Public Data:** Any government data classified by statute, federal law or temporary classification as confidential, private, nonpublic or protected nonpublic.

**Official Signature:** A signature from the person who signs the grant agreement, grant agreement amendment, or other fiscal documents. The person designated as the official signatory must be an elected or



appointed official of the grantee, or a person authorized through official action by the grantee board to sign fiscal documents.

**Prevailing Wage:** The minimum hourly wage, plus benefits, employers must pay certain workers who work on construction projects where state dollars are used to fund the construction (MN Department of Labor and Industry). 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).

**Professional/Technical Services:** Services that are intellectual, in character, including consultation, analysis, evaluation, predication, planning, or programming, or recommendation, and result in the production of a report or the completion of a task. See also Technical and Engineering.

**Progress Report:** A summary of grant activities and outcomes for a given period. A progress report may have narrative, statistical, and/or financial elements.

**Project Assurances:** Guarantees from grantee that installed conservation practices will remain in place for the expected lifespan and provide benefits for which they were designed.

**Project Development:** 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.

**Risk:** The possibility that an event will occur and adversely affect the achievement of objectives.

**Risk Assessment:** Evaluating a grant recipient's risk of noncompliance with statutes, rules, grant agreements and policies to determine appropriate monitoring and reconciliation procedures.

**Risk Factor:** Significant interactions within the entity and with external parties, changes within the entity's internal and external environment, and other internal and external factors to identify risks throughout the entity.

**Technical and Administration (TA):** Activities performed on the Erosion Control and Water Management Program, 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:** Activities associated with technical site assessment, surveys, preliminary analysis and design, final design, construction supervision, installation, inspection, and completion of projects. See also Professional/Technical Services.

**Technical Approval Authority (TAA) or Job Approval Authority (JAA):** applicable professional licensure; reputable vendor with applicable expertise and liability coverage; or other applicable credentials, training and/or experience.

**Technical Assistance Provider:** The person with appropriate credentials identified by the grantee as responsible for the technical quality assurance for a given project or practice. Credentials can include conservation

partnership Technical Approval Authority (TAA) or Job Approval Authority (JAA); applicable professional licensure; reputable vendor with applicable expertise and liability coverage; or other applicable credentials, training, and/or experience. See also Technical Approval Authority

**Technical Quality Assurance:** Guarantees throughout each phase of implementation and administration from grantees that appropriate levels of technical expertise are utilized.

**Use Allowance:** A basic or minimum rate established for the use of an item.

**Workable Hours:** The number of hours that are available to work in a year. The Minnesota Legislative Coordinating Commission calculates full time equivalents based on 2088 hours in a year. See Minnesota Statutes §3.303, subdivision 10.

**Work Plan:** A written project or program management tool that identifies desired project or program activities, timelines, and outcomes. This is generally entered and approved in eLINK after an application for a particular grant fund has been approved. See also Application.

## Acronyms

---

### 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
LSOHC:	Lessard-Sams Outdoor Heritage Council
MDA:	Minnesota Department of Agriculture
MDH:	Minnesota Department of Health
MnDOT:	Minnesota Department of Transportation
MGS:	Minnesota Geological Survey
MMB:	Minnesota Office of Management and Budget
MPCA:	Minnesota Pollution Control Agency

### Federal Agencies

ACOE:	Army Corps of Engineers
CED:	Community Economic Development (Division of USDA)
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
USDA:	United States Department of Agriculture
USFWS:	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 Maximum Daily Load  
 WRAPS: Watershed Restoration and Protection Strategies Report

## History

Version	Description	Date
2017	Previous versions of the Grants Administration Manual contained two sections called <i>Purpose and Scope</i> and <i>Terminology</i> that have been combined into one section for the 2017 version, revises existing terminology for clarity and consistency, removes unused terms, and adds new terms.	7/1/2017

## Processing a BWSR Grant: General Overview

**Effective Date:** 07/01/2017

### Process

---

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 generally as follows:

1. Funding decisions for grant allocations are made by the [BWSR Board](#), typically in June and December of each year although 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(s) 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.
  - a. For purposes of separation of powers, and checks and balances, it is recommended that the Official Signatory of the grant agreement is not the grantee's Authorized Representative.
  - b. The Official Signatory must be an elected or appointed official of the grantee or a person authorized by the board of the grantee to sign fiscal documents. This authorization must be documented in the grantee's records either by board meeting minutes or resolution, or by some other official action.
3. Once the grant agreement has been completed and signed by the grantee, the signed document is returned to BWSR for processing either via the US Mail, Attn. Grants Specialist, 520 Lafayette Road North, St. Paul, MN 55155, or as an email attachment sent to [BWSR.grants@state.mn.us](mailto:BWSR.grants@state.mn.us).
4. Either a hard or scanned copy is acceptable; please do not send both. 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 uploaded by BWSR and available in eLINK. BWSR policies allow grant and/or funds to be withheld if the grantee is past due on progress reports for other State grants or if non-compliant with other BWSR policies and/or requirements.
5. Funds are generally released through electronic fund transfer to the grantee's identified fiscal agent. Note that preferences to receive payment by check must be established through the MN Department of Administration, Materials Management Division ([www.mmd.admin.state.mn.us/](http://www.mmd.admin.state.mn.us/)). Also note that the

grantee may need to request additional details regarding individual electronic transfers from their own bank.

6. The grantee must not begin work under the grant agreement and no grant or match costs may be incurred or funds expended until the agreement is fully executed. BWSR will notify the grantee when the agreement has been executed, generally through an auto-generated message that is sent when the executed agreement is uploaded in eLINK. 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 per the grant agreement. See also the Reporting Requirements for BWSR Grants and Grant Closeout Process sections of this Grants Administration Manual.
8. Funds unspent at the end of the grant period must be returned to BWSR within the timeframe specified in the executed grant agreement. Grantees can access the form auto-generated form in eLINK or by use the “Returned Funds” form available in this Grants Administration Manual.
9. All grant recipients must be prepared for monitoring and review of grant activities throughout and after the grant period. Contract documents, receipts, and landowner obligation records must be made available upon request per the grant agreement.

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 in accordance with the Grant Noncompliance section of this Grants Administration Manual.

## History

---

Description of revisions	Date
Previously titled <i>Processing a Grant</i> . Updated format, minor edits, and incorporated information regarding official signatures from other sections of the manual.	7/1/2017

## Local Water Plan Status and Grant Eligibility Policy

*From the Board of Water and Soil Resources, State of Minnesota*

**Version:** 1.00

**Effective Date:** 6/27/2018

**Approval:** Board Decision #18-29

### Policy Statement

---

It is the policy of the State of Minnesota to consider a grant applicant's past performance before awarding subsequent grants to them (see Office of Grant Management Policy 08-13). The Board of Water and Soil Resources recognizes the importance of local water planning to performance in grant implementation.

This policy applies to competitive and noncompetitive or formula grants and the status of the local water plan only. Decisions regarding grant awards and other aspects of performance will be determined through individual grant program policies or BWSR Board actions. Decisions regarding legislatively named and single and sole source grants and the status of water plans will be on a case-by-case basis. As per BWSR grant agreements, BWSR reserves the right to assure program compliance.

### Reason for this Policy

---

The purpose of this policy is to provide clear direction for grantees and potential grantees on how the status of their local water plan impacts BWSR decision on grants and grant payments.

# Requirements

---

## 1.0 Local Water Plan Status Criteria

For the purposes of this policy: if a local water plan meets the following applicable criteria, or the BWSR Board order or BWSR action approving the local water plan states a different period of time than the criteria below, or the plan has been properly extended through the BWSR Local Water Plan Extension and Amendment Policy if applicable, and the plan was adopted by the local unit of government (LGU) after BWSR approval, the plan will be considered current.

- The metro watershed management organizations or watershed district plan (Minnesota statutes §103B.231) is less than 10 years beyond the BWSR plan approval date;
- The non-metro watershed district plan (§103D.401 or §103D.405) is less than 11 years 3 months beyond the BWSR approval date;
- The county water plan (§103B.311) is less than 10 years beyond the BWSR approval date;
- The soil and water conservation district comprehensive plan (§103C.331, Subd. 11) or county water plan adopted by reference is less than 10 years beyond the BWSR approval date; or
- The comprehensive watershed management plan under §103B.801 (One Watershed, One Plan) is less than 10 years beyond the BWSR plan approval date; or
- The seven-county metropolitan area municipality's local water plan (Minnesota statutes §103B.235) has been approved by the WMO and adopted by the municipality.

## 2.0 Local Water Plan Status and Grant Execution

- 2.1 **Competitive Grants.** Application for competitive grants is allowed if the local water plan is not current; however, the plan must be current at the time the Board approves the award. If the plan is not current at the time of BWSR Board action, the application will be deemed ineligible. Joint powers organizations must be working under a State approved and locally adopted plan to be eligible. Competitive One Watershed, One Plan Program planning grants are exempt from this requirement.
- 2.2 **Noncompetitive or Formula Grants.** If a local water plan is not current at the time of BWSR Board action on noncompetitive grants, the grant will not be executed until the plan becomes current. If the plan remains not current within six months of the Board action, BWSR reserves the right to cancel the award taking into consideration the Participation Requirements in the One Watershed, One Plan Operating Procedures and the One Watershed, One Plan Transition Plan. The requirement for a current plan is not applicable to the Disaster Recovery and Assistance Program or Soil and Water Conservation District Joint Powers Organization Technical Service Areas funding.
- 2.3 **When a local unit of government has multiple local water plans.** If a local government unit has more than one local water plan covering different areas of their jurisdiction, eligibility is determined by:
  - 2.3.1 For competitive grants the project location must be identified. If the project is in the area of a non-current plan as in 2.1 above, the application will be deemed ineligible.



2.3.2 Noncompetitive or formula grants will follow 2.2 above, except for Watershed-based funding grants in 2.3.3 below. See also the BWSR Local Water Plan Amendment and Extension Policy.

2.3.3 Watershed-based Funding Grants. For these grants, eligibility will be determined through the Watershed-based Funding Policy.

### 3.0 Grant Payments and Amendments

Local water plan status will not impact processing of payments on, or decisions on amendments to, executed grant agreements, unless issues of noncompliance are found.

## Related Information

---

- BWSR Grants Administration Manual sections:
  - Grant Noncompliance Policy
  - Processing a BWSR Grant
- BWSR Plan Extension and Amendment Policy

## History

---

Version	Description	Date
1.00	This is the first version of this policy.	6/27/2018

## Grant Agreement Amendments and Work Plan Revisions

Effective Date: 07/01/2018

### Procedure

---

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



### Work Plan Revisions Eligibility and Procedure

Minor work plan budget adjustments that affect up to 10% of the total grant amount or up to \$50,000, whichever is less, can be made by the grantee without Board Conservationist approval. **Documentation of the change should be made in eLINK** (except for the Disaster Recovery Assistance Program which is outside eLINK) **and notification to the Board Conservationist is recommended.**

Moderate changes to an approved work plan that require BWSR work plan revision approval, but not a grant amendment, include, but are not limited to the following:

- A work plan budget adjustment of >10% of the total grant amount or >\$50,000, whichever is less. Adjustments >40% of the total grant amount or >\$200,000, whichever is less, require a grant agreement amendment.
- A scope change that changes the resource or water body impacted, or a significant reduction in the originally proposed pollution reduction estimates (eLINK proposed indicators) from the grant application and/or approved work plan. BWSR reserves the right to require an amendment based on proposed changes. (For some grant programs, such as DRAP, a work plan budget may consist of a BWSR approved project list.)

The procedure to submit a work plan revision request is the following:

1. The grantee should consult the Board Conservationist for guidance as early as possible when the potential work plan revision is needed.
2. The grantee must provide a written request to their Board Conservationist. See “Criteria for Requests” and “Required Information to Process Request” below.
3. BWSR staff will review the request and select from the following:
  - a. If the request is approved, the Board Conservationist will provide approval via an eLINK journal entry that is emailed to the grantee. **Approval must be obtained prior to expiration of the grant agreement or work associated with the work plan revision begins.**
  - b. If the request is denied, the Board Conservationist will provide documentation of the denial via an eLINK journal entry emailed to the grantee.
4. Following approval by the Board Conservationist and receiving the email generated from the eLINK Journal the grantee may begin work utilizing the approved, revised work plan.

Insufficient eLINK documentation of spending shifts or deviations from these procedures will delay grant payments, report approvals, and grant closeouts.

### **Grant Agreement Amendments Eligibility and Procedure**

Contact the Board Conservationist to discuss eligibility and procedures. Eligible activities or actions that require a grant amendment include, but are not limited to, the following:

- Extensions to the grant period;
- A change of the targeted resource or pollutant of concern;
- Any increase in the grant amount;
- A work plan budget adjustment of >40% of the total grant amount or >\$200,000, whichever is less, that reduces the total activity or shifts of funds to different activities, or a significant change in activities identified in the work plan.

The procedure to submit a grant amendment request is the following:

1. The grantee should consult the Board Conservationist as early in the grant agreement period as possible for guidance and at least 3-6 months prior to the end of the grant agreement.
2. The grantee must provide a written request for an amendment to the grant agreement to the Board Conservationist. See “Criteria for Requests” and “Required Information to Process Request” below.
3. If submitted with sufficient time for review, BWSR staff will review the amendment request and select from the following:
  - a. If the request is approved, BWSR staff will generate an official Grant Amendment document for grantee Board approval which will be distributed via eLINK. The document is required to have a grantee Official Signature. **All signatures on the grant amendment must be obtained prior to expiration of the grant agreement.**
  - b. If the request is denied, a written response will be provided to the grantee.

4. Send the scanned copy of the Grant Amendment document approved by the grantee Board and signed with an Official Signature to [BWSR.grants@state.mn.us](mailto:BWSR.grants@state.mn.us) and the Board Conservationist.
5. The executed grant amendment will be uploaded by St. Paul into the “Attachments” section for the grant in eLINK.

## Criteria for Requests

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, timelines associated with additional project funding sources, 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 and activities 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 budget including match. Work plan budget adjustments are considered cumulative from the last approved work plan.
- **Resource of Concern changes** from the original targeted project work plan resource of concern.
- **Pollutant of Concern changes** from the original targeted project work plan pollutant of concern.
- **Match expenditures changes** that will substantially change the activities and outcomes.
- **Grant Agreement Amendments and Work Plan Revisions** must be approved before final payment is requested.

BWSR will review these criteria to determine if the amendment or work plan revision request will be approved.

## Required Information to Process Requests

Grantees are encouraged to consult their Board Conservationist to verify whether or not proposed changes require a work plan revision or grant agreement amendment. Grant amendment and work plan revision requests must include:

- The fiscal year and grant name;
- eLINK activity name(s), if applicable;
- The purpose and extent of the request; i.e., extension to the grant period, change to an approved budgeted amount, or a modification to the project;
- Explain why the original grant agreement cannot be completed as approved, in consideration of the criteria above;

- Describe how the amendment or work plan revision will affect the originally proposed eLINK Activity Actions and/or Activity Details, indicators if applicable and/or any additional outcomes that will be achieved; and
- A brief narrative of the new Activity Action and/or Activity Detail proposed, if applicable.

## History

---

Description of revisions	Date
Revised format; minor text changes for clarity and to removed dated information.	7/1/2017
Revised to reflect amendment document distributed through eLINK, include a dollar amount for when work plan budget changes require BWSR approval, and clarify budget adjustments are considered cumulative in the Criteria for Requests.	7/1/2018

## Requesting a Reimbursement or Payment

**Effective Date:** 07/01/2017

### Process

---

Many BWSR Grants are 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 reimbursements or payments. See the Terms of Payment section of the grant agreement to determine if a grant has a reimbursable component.

For grants of \$50,000 or more, additional supporting documentation such as purchase orders, receipts and payroll records for financial reconciliation is required, unless a particular grant program is exempt from the Office of Grants Management policies 08-08 and 08-10. Financial reconciliation occurs after a substantial portion (at least 70%) of grant funds have been expended and must be completed prior to payment of the final 10% and grant closeout. BWSR staff may request more detailed financial and project information if grant compliance is unclear or noncompliance is suspected.

#### **Initial Advanced Grant Payments (50% of grant funds)**

BWSR allocates the initial payment of 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. Grantees are in compliance with all relevant grants management policies for previously-awarded BWSR grants.

#### **Second Advanced Grant Payments (40% of grant funds)**

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 and submits an eLINK status change.
2. An eLINK 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 Financial Report serves as the official request for payment from the grantee to BWSR.
3. If the grant award was \$50,000 or greater, the grant may need to be reconciled before the payment can be released; grantees should check with their Board Conservationist or Grants Compliance Specialist for applicability of this requirement.
4. BWSR authorizes the second advanced payment upon approval of the eLINK reporting, review of the Financial Report, and possibly the grant reconciliation.

## 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. See the Closing Out a Grant section of this manual for details.

## History

---

Description of revisions	Date
Previously titled <i>Reimbursement Requests</i> . Updated format, removed out-of-date information, and included information about reconciliation.	7/1/2017

## Grant Noncompliance

**Effective Date:** 07/01/2017

### Procedure

---

Grant recipients are responsible for managing State grant funds in compliance with statutes, rules, grant agreements, BWSR policies, local policies, and other applicable laws and requirements. BWSR has developed the following policy and procedure to categorize levels of noncompliance and procedures for when errors are found. BWSR staff has the discretion to consider factors not covered in these guidelines.

Often, mistakes in grants management result from simple misunderstandings and the majority of incidences are resolved without requiring a formal corrective action plan. When corrective actions are considered, the first goal is always to bring the grant recipient back into compliance. Noncompliance is generally found through the review procedures of monitoring or reconciliation. Noncompliance can be less (Level 1) or more severe (Level 2).

#### *Level 1: Failure to follow required administrative procedures*

Examples of Level 1 noncompliance may include, but are not limited to: lack of detail to justify an expense or payment, improperly completed forms or contracts, incorrect, insufficient, or late reporting, incomplete files, or deficient operation and maintenance plans. Deviation from locally established policies or procedures may also be noted as Level 1 noncompliance.

#### *Level 2: Failure to follow statute, rule, policy, or grant agreement*

Examples of Level 2 noncompliance may include, but are not limited to, missing signatures or dates on contracts, overpayment on contracts, lack of required technical assessment or sign-off by a technical representative, installation of practices that are not allowed or failure to address program purpose, lack of an operation and maintenance plan, projects occurring outside contract starting or completion dates, or expenditure of funds outside the term of the grant agreement. Repeated instances of Level 1 noncompliance may be categorized as Level 2 noncompliance.

### Noncompliance Procedure

When a corrective action plan is determined to be needed, grant recipients will be notified when they are out of compliance in a memo, letter, or other means of communication. The communication will be addressed to the chair of the board of the local government unit holding the grant, and copied to the LGU's administrator or lead staff.

The memo or letter will document the noncompliance, and suggest corrective actions to bring the grantee back into compliance, including any repayment or additional penalty. The grantee must respond to BWSR with a plan that addresses each corrective action. BWSR must approve the corrective action plan for the grantee to be back in compliance. 2



## Repayment or Additional Penalty

Minnesota Statutes §103C.401 (2014) establishes BWSR's obligation to assure program compliance. If the noncompliance is severe (generally, Level 2), or if work under the grant agreement is found by BWSR to be unsatisfactory or performed in violation of federal, state, or local law, BWSR has the authority to require the repayment of grant funds, or an additional penalty. Penalties can be assessed at a rate up to 150% of the grant agreement.

For a finding of noncompliance, BWSR also has the authority to withhold payments on grants. This authority is provided under the Minnesota Department of Administration's Office of Grants Management Policy 08-13, Grant Closeout Evaluation, that requires state agencies to consider a grant applicant's past performance before awarding subsequent grants or making a new grant award of over \$5,000.

All noncompetitive grants for which funding is requested may be reduced by five percent of the original grant amount for missed deadlines, with an additional five percent reduction of the original grant amount for each month late. When a future grant allocation has been reduced by 50%, because of repeated instances of lateness or missed deadlines, the entire grant allocation will be forfeited.

For competitive grants, reimbursement payments may be reduced by the same amount for missed deadlines as for noncompetitive grants. When a future grant payment has been reduced by 50%, because of repeated instances of lateness or missed deadlines, the entire remaining grant payment will be forfeited.

Until the noncompliance is resolved, payments will not be made on any grant to the noncompliant grantee.

Alternatives may also be considered and used at the discretion of BWSR.

## Appeal

If a finding of noncompliance by BWSR involves repayment or an additional penalty, a grant recipient may appeal that finding. The appeal must be in writing and include all supporting evidence and be sent to the BWSR Regional Manager within 30 days of receiving the communication from BWSR that assesses the penalty. The Executive Director will review the appeal and supporting evidence and render a decision. The Executive Director may stay the penalty until the appeal is resolved. All additional penalties are stayed for the duration of the appeal.

If no resolution can be achieved between the grant recipient and the Executive Director, the grant recipient may request in writing to the chair of the Board for the appeal to be heard by the BWSR Dispute Resolution Committee. The Committee will make a recommendation to the Board to dismiss, amend, or uphold the appeal.

The Board must notify the grant recipient and BWSR staff of its decision.

## History

---

Description of revisions	Date
Revised format; minor text changes from 7/1/15 version.	7/1/2017

## Technical Quality Assurance

Effective Date: 07/01/2017

### Technical Quality Assurance Responsibility

---

Grantees have the responsibility to ensure that designated technical assistance provider(s) have the appropriate technical expertise, skills, and training to their assigned role(s).

BWSR reserves the right to review the licensure and credentials of all technical staff selected by the grantee and the technical project design if a recognized standard is not available.

#### 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 grantee 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) or Job Approval Authority (JAA) or Engineering Job Approval Authority (EJAA); 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. Unless otherwise directed by statute, rule or grant program policy, vegetative practices must follow the BWSR Board adopted Native Vegetation Establishment and Enhancement Guidelines ([http://www.bwsr.state.mn.us/native\\_vegetation/seeding\\_guidelines.pdf](http://www.bwsr.state.mn.us/native_vegetation/seeding_guidelines.pdf)).
- c) **Practice Certification.** Ensure 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 an appropriate operation and maintenance plan is developed by qualified staff 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 and may include operation and maintenance activities for the contributing watershed.
- e) **Periodic Practice/Project Inspection.** Confirm 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 grantee shall identify or assign the technical assistance provider(s), 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 approved for funding, or the technical assistance provider may be identified in the grantee'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 and Practice Assurances section of the Grants Administration Manual.

## **Utilizing NRCS Documentation for Technical Assurances**

---

Practice certifications, documentation of the Technical Assistance Provider and other Technical Assurances for practices utilizing NRCS Funds and/or NRCS Technical Assistance can be completed by utilizing existing NRCS forms in the cooperator case file.

See also Program and Project Files section of the Grants Administration Manual.

# History

---

Description of revisions	Date
Updated format and language and included requirement to following the Native Vegetation Establishment and Enhancement Guidelines, consistent with all program policies.	7/1/2017
Added language related to NRCS documentation utilized as Technical Assurances.	7/1/2018

## Project and Practice Assurances

**Effective Date:** 07/01/2017

### Project and Practice Assurance Responsibility

---

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.

BWSR has identified three primary levels of assurance:

1. The first level of assurance is the executed grant agreement and associated approved work plan, if applicable, between BWSR and the grantee.
2. 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, access for inspections, operation, and maintenance must be maintained with this level of assurance.
3. The final level of assurance varies by statute, rule, policy, grant agreement, or through local decision. This level of assurance 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.

### Contracts

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: 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 grantee of the practice; be in effect for a period corresponding 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 grantee's legal counsel.

### Sub-Agreements

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

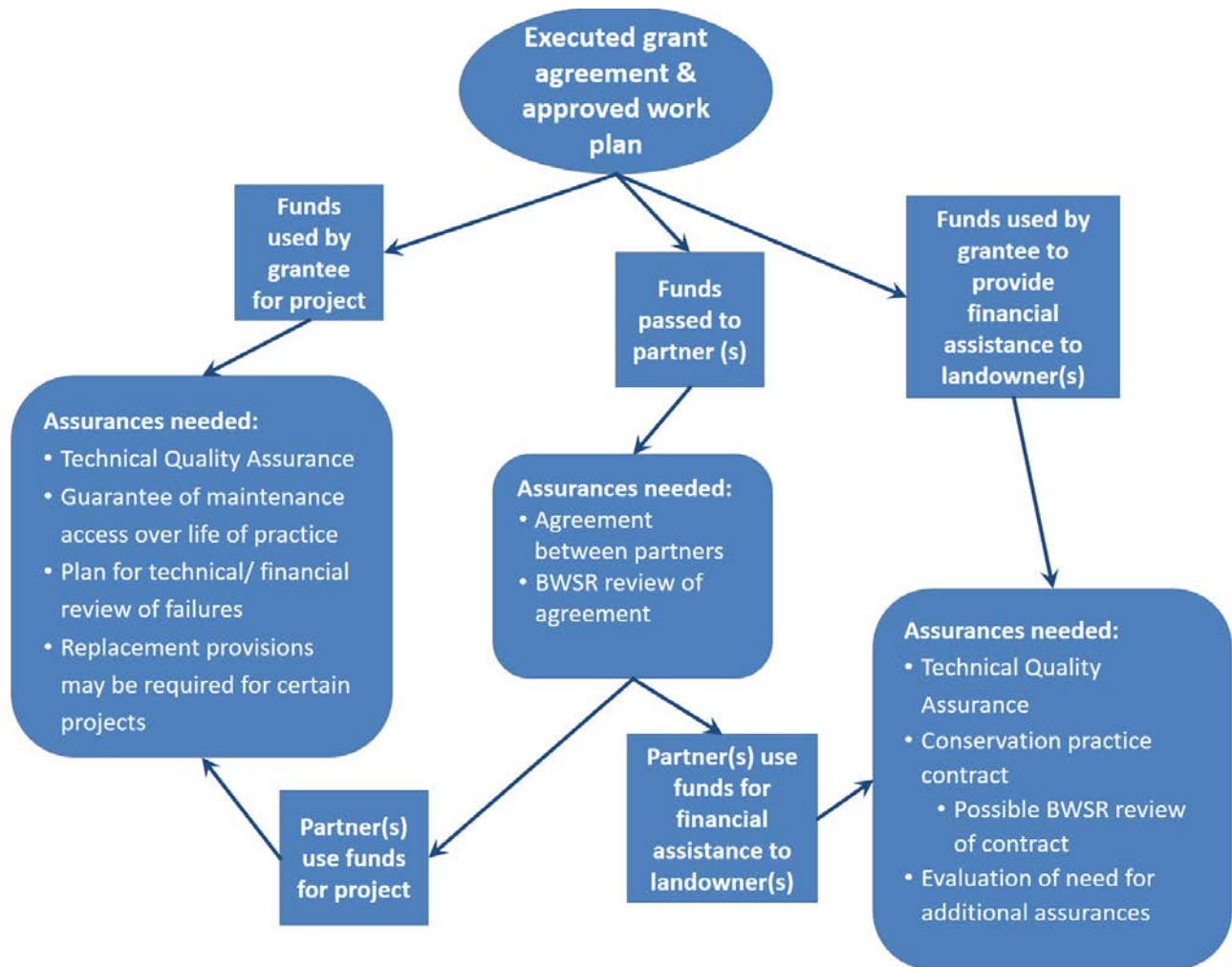
Operation and Maintenance (O&M) plans for practices within their expected lifespan require assurances that the land occupier(s) will keep those practices in place for their intended use and lifespan (such as easements, deed recordings, enforceable contracts, performance bonds, letters of credit, and termination or performance penalties) as well as inspection reports on those practices (including practices and projects involving incentives, such as nutrient management plans), according to the schedule outlined in the plan. Details required in the Operation and Maintenance Plan may be further defined in a given grant program policy.

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

Some grants may have requirements in addition to those noted here that may influence grant eligibility. For example, BWSR may act as the fiscal agent on behalf of other State agencies, such as MPCA SSTS Program and DNR Shoreland Program. These agencies may have requirements beyond information BWSR has requested.

Minnesota Statutes §103B.3369, Subdivision 9 allows BWSR to consider additional performance-based criteria for grant programs. And, the Office of Grant Management Policy on Grant Closeout Evaluation (08-13) requires BWSR to consider a grant applicant's past performance when awarding grants. 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](#).



## History

Description of revisions	Date
No significant changes from prior year; updated format and language and incorporated diagram.	7/1/2017



## Records, Program and Project Files

**Effective Date:** 07/01/2018

### Records Retention

---

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, including financial records, 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.

Grantees are required to keep records and documents pertinent to each grant agreement available for review by BWSR. BWSR may request this documentation via email, over the phone, in person, or as part of grant monitoring, review or reconciliation. Additionally, the receipt of grant funds as revenue and the associated expenditure of grant and match funds need a verifiable paper-trail to support them.

### Record Keeping for Grant Revenue

All grant agreements contain what is called an audit clause, which indicates grantees are responsible for maintaining records relating to the receipt and expenditure of grant funds, and documentation of those receipts and expenditures may be examined by BWSR at any time. To responsibly manage a BWSR grant, grantees must be able to document the receipt of revenue and expenditures on staff time, contractors, and other costs.

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. 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 grantee's Board that shows the grant funds received from BWSR being recorded in the financial system, or some other evidence the Board or governing body has overseen and verifies the grantee has received the funds.
- Records documenting the grantee's local match contribution for each grant received.
  - For most grants, match can be an in-kind contribution of employee time.

- The required local match for the Natural Resources Block Grant (NRBG) - Local Water Management program must be a dedicated levy, 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 a government is meeting its match requirement is a Board action that commits the funds.
- Records of the transfer of funds between grantees, such as receipts of NRBG Wetland Conservation Act payments from a County to an SWCD.

## Record Keeping for Expenditures on Programs

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

- Employee's name
- Rate of pay per hour (see "Determining a Billing Rate").
- Billing rate calculation for all employees of the grantee
- Time worked on the grant, identified by grant title and activity category
- Documentation connecting the time contributed (or hours worked) to the grant. This may be:
  - A record from the financial system showing the employee being paid out of the grant.
  - A summary of timesheets with the grant identified.
  - A payroll report, itemized by fund, from the internal accounting system, Integrated Financial System, QuickBooks, etc. (The report may include other items charged to the grant besides staff time).
  - If a system exists to track the time employees charge to the grant, include a summary of the time contributed by each employee, itemized by grant.

To document the costs of contractors, other direct costs, and administrative costs, receipts need to be kept. Receipts must be itemized so the reasonableness of the expense, as compared with the amount paid for similar government work in other programs, can be evaluated.

For administrative costs, an itemized "budget to actuals" annual financial report is to be maintained. Administrative costs not allocable to the grant, or based upon a percentage times the total budget amount, are not allowable and will be excluded from the reconciliation process.

## Grant 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, consistent with State Records Management requirements:

- Executed grant agreement, approved work plan if applicable, and any amendments or revisions 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, as applicable;
- Cancelled contracts, including documentation of the reason for cancelation, as applicable;
- Documentation of any additional 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/instructor, date, and location;
- Reports or studies completed using grant funds;
- Reporting information included in the Reporting Requirements for BWSR Grants section of this manual, including documentation of website compliance;
- Conflict of interest disclosure forms;
- Any other documentation that provides clarification of how the grant was implemented; and
- Staff costs and time and effort documentation.

## Grant Project Files

---

Project files are a critical piece of the overall program file that documents the actual practices installed. The organization of the project file will vary locally; however, the content of the project file should include or reference the following, as applicable consistent with State Records Management requirements:

- 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 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 Contracts with Land Occupiers/Operation, Maintenance, and Inspection of Practices sections of this 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.

**Note:** projects utilizing NRCS Funds or NRCS Technical Assistance require a signed completed [MN-NRCS-ADS-017](#) (Information Release Request Form) requesting a "All information contained in the cooperator case file" be Released to the Grantee. Forms utilized from the NRCS Cooperator Case File must be included with the Grantee's Contract File.

### Invoices in Project Files

When a grantee receives an advance payment on a grant, meaning the grantee will receive funds to implement practices based on a work plan, before contracts with individual land occupiers are signed, the grant file may include an invoice from the contractor--passed on from the land occupier—rather than a receipt. This is sufficient for reconciliation purposes, provided the invoices are supplemented by a voucher that documents what the land occupier or project holder actually paid for the practice.

### History

Description of revisions	Date
Merges two previous chapters, <i>Records Management and Retention</i> and <i>Program and Project Files</i> . Revised format; minor text changes for clarity and to removed dated information.	7/1/2017
Added language related to NRCS documentation utilized to support NRCS Technical Assistance and Financial assistance as part of a Grantee's case file.	7/1/2018

## Reporting Requirements for BWSR Grants

**Effective Date:** 07/01/2017

### Grant Reporting

---

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 and within 30 days of the completion of a grant. Grants over \$500,000 may include an additional report to be completed by June 30<sup>th</sup> of each year.

Reporting for most grants includes entries in eLINK and submittal of a final financial report at the conclusion of the grant, and may include posting grant information on the grantee's website. **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](#) webpage for a list of active grants, program specific requirements, and current reporting deadlines. Be sure to check this page prior to each reporting deadline for the most updated guidance.
- General website reporting requirements can be found below. Grantees are encouraged to develop and post public-friendly grant information with pictures and maps regardless of reporting requirements.
- For grants with a reimbursable component, see the Requesting a Reimbursement or Payment section of the manual for the processes and expectations.
- Submittal of items such as financial statements and audits, annual reports, or posting of additional website information may also be required by individual grant programs.

Some grants may have requirements in addition to those noted here that may influence grant eligibility. For example, BWSR may act as the fiscal agent on behalf of other State agencies, such as MPCA SSTS Program and DNR Shoreland Program. These agencies may have requirements beyond information BWSR has requested.

Minnesota Statute §103B.3369, Subdivision 9 allows BWSR to consider additional performance-based criteria for grant programs and the Office of Grants Management's Policy on Grant Closeout Evaluation (08-13) requires BWSR to consider a grant applicant's past performance when awarding grants. 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.**

For website reporting of Clean Water Land and Legacy funded projects, the grantee is required to display the legacy logo on their website accompanied by the phrase "Click here for more information." When a person clicks on the legacy logo image, the website must direct the person to a page that includes both the contact information a person may use to obtain additional information, as well as a link to the Legacy website: <http://www.legacy.leg.mn/>.

When additional website reporting is required, the content of the website reports for a grant should reflect the activities, expenditures, and achievements associated with the grant funds. If a grant recipient does not have a website, a partner organization website may be used.

When website reporting is required, 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;
- Additional requirements may apply for projects funded through the [Clean Water Land & Legacy Amendment](#).

Posting of eLINK summary reports is often sufficient to meet these requirements; however, grantees are encouraged to develop or use more public-friendly alternatives or information pages with pictures and maps.

**Counties.** In addition to reporting grant activities, counties are encouraged to post their Comprehensive Local Water Management Plan or County Groundwater Plan as applicable. *Website posting of supplemental Natural Resources Block Grant (NRBG) activity reports for WCA, Shoreland, SSTS, is optional.* Be sure to check the grant agreement to determine if website reporting is required.

**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 Program (NPEAP) grant's 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:

- Annual report
- Most recent audit
- Annual budget
- Meeting notices

## History

---

Description of revisions	Date
Previously titled <i>Reporting Requirements</i> . No significant changes, updated format and language, addition of links to the Legacy site.	7/1/2017

## Closing out a BWSR Grant

**Effective Date:** 07/01/2017

### Process

---

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. Create and submit the appropriate Final Progress Report in eLINK, including changing the status to “Submitted” 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 report and cross reference the work plan and the eLINK reporting guidance to determine if reporting is satisfactory.
2. **Complete an eLINK Financial Report** that summarizes all expenditures for the grant. This report must have an Official Signature. A scanned copy is uploaded to the Attachments tab for the grant in eLINK for Board Conservationist review.
  - a. If the grant is a reimbursement grant and final project costs are more than 90% but less than 100% of the grant award, the Financial Report may only reflect the actual project expenditures greater than the 90% of funds already received and the Grantee cannot request more than the actual expenditures.
  - b. Grants of \$50,000 or more may be subject to reconciliation prior to closeout. See the Grant Monitoring and Reconciliation section of this Manual for additional details.
3. **Return unspent funds.** If the full grant award has not been spent, the unspent funds must be returned to BWSR. The process for returning funds will vary depending upon whether the grantee has already received 100% of the award or if a portion of the funds has not yet been requested or received:

**For competitive grants**, or grants structured to have a final payment due to the grantee at closeout:

- 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 above 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 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 (the address on the form) with the check.

**For non-competitive grants**, or grants in which the grantee received a 100% advance payment at the time of the grant agreement execution:

- a. 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 (to the address on the form) with the check.

## History

---

Description of revisions	Date
Revised format; minor text changes for clarity and to removed dated information.	7/1/2017

# Grants Monitoring and Reconciliation

**Effective Date:** 07/01/2017

## Overview

---

The BWSR Grants Monitoring and Financial Reconciliation Policy enhances the agency’s 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.

On June 27, 2018, the BWSR Board adopted a revised Grants Monitoring and Financial Reconciliation Policy. The revised policy maintains annual grant monitoring and risk assessment procedures, and modifies the reconciliation requirements to allow for sampling procedures rather than all grants \$50,000 and over. This modification is consistent with the requirements of the Minnesota Office of Grants Management, which provides state grant management policies for all state agencies.

BWSR may also visit selected grantees for training, closeouts, and/or other monitoring and reconciliation activities. Under the grant agreement (and Minnesota Statutes 16B.98, subd. 8), “The Grantee or delegated local unit of government will maintain records relating to the receipt and expenditure of grant funds,” and those records “may be examined at any time by the Board or the Board’s designee and are subject to verification.”

## History

---

Description of revisions	Date
Revised format; no text changes.	7/1/2017
Revised to replace previous BWSR Grants Monitoring, Reconciliation and Verification Policy (adopted June 11, 2011) with the newer BWSR Grants Monitoring and Financial Reconciliation Policy (adopted January 25, 2017)	1/31/2017
Revised to reflect revision of the Grants Monitoring and Reconciliation Policy (adopted June 6, 2018).	7/1/2018

## Grants Monitoring and Financial Reconciliation Policy

*From the Board of Water and Soil Resources, State of Minnesota*

**Version:** 1.00  
**Date:** 06/27/2018  
**Approval:** Board Decision #18-30

### Policy Statement

---

Under this policy, BWSR will:

1. Monitor all BWSR grants annually.
2. Complete a risk assessment of all BWSR grants \$50,000 and over, as required.
3. Financially reconcile, as required:
  - a. All BWSR grants subject to financial reconciliation that have a high risk assessment score, as defined in the BWSR Risk Assessment Procedure; and
  - b. At least one grant per grant allocation fiscal year per grantee that have any grant subject to financial reconciliation, based on BWSR capacity.

Requirements for risk assessment and reconciliation in this policy apply to competitive, legislatively made, formula and single and sole source grants, but not bonding and capital grants or grants exempt from Department of Administration's Office of Grants Management Policies 08-08 and 08-10.

This policy replaces the January 15, 2017 BWSR Grants Monitoring and Financial Reconciliation Policy and is effective immediately.

### Reason for this Policy

---

The purpose of this policy is to provide direction on and document BWSR compliance with the Department of Administration's Office of Grants Management Policy 08-08 which requires reconciliation of all advance grant payments over \$50,000 and Policy 08-10 which requires state agencies to conduct at least one monitoring visit before final payment is made on all state grants over \$50,000.

## Requirements

---

### 1.0 Implementation

The BWSR Grants Monitoring and Financial Reconciliation Policy will be implemented according to procedures developed by staff and reviewed with the Board or its designated committee.

### 2.0 Definitions

**Financial Reconciliation:** Comparing a grantee’s request for payment for a given period with supporting documentation for that request, such as purchase orders, receipts and payroll records.

**Grant Allocation Fiscal Year<sup>1</sup>:** State fiscal year in which grants are processed by BWSR.

**Monitoring:** Reviewing and ensuring progress against the grant’s goals, to address any problems or issues before the end of the grant period, and to build rapport between the state agency and the grantee.

**Risk Assessment:** Evaluating a grant recipient’s risk of noncompliance with statutes, rules, grant agreements, and policies, to determine appropriate monitoring and reconciliation procedures.

## History

---

Version	Description	Date
1.00	Modified to address 12/02/16 changes to Department of Administration’s Office of Grants Management Policies 08-08 and 08-10 which allows a granting agency with multiple grants of similar grant periods with the same grantee to choose through a documented risk assessment which grant(s) represent a sample that will receive monitoring and financial reconciliation.  Reformatted to new policy template and logo.	June 27, 2018
0.00	Edits replaced the previous BWSR Grants Monitoring, Reconciliation and Verification Policy, adopted June 22, 2011	January 25, 2017

---

<sup>1</sup> Grants with the same grant allocation fiscal year are defined by BWSR as grants with a “similar grant period” as identified in Department of Administration’s Office of Grants Management Policies 08-10.

## Time and Effort Documentation

**Effective Date:** 07/01/2017

### Responsibility

---

Grant recipients are required to account for the staff time charged to BWSR grants in order to track the expenditure of grant funds and match to ensure the use of the funds is consistent with applicable State and BWSR requirements. Accounting for staff time is important for budgeting, planning, and reporting.

Recipients of BWSR grants may use one of two options for tracking staff time charged to grants:

1. Direct time tracking.
2. Personnel activity reports (PARs) or the equivalent that constitute after-the-fact determinations of grant activities. Activity reports must be prepared and signed at least semiannually by the employee.

BWSR reserves the right to request additional documentation that accounts for all of the employee's time during the period that staff time is actually charged to the grant. Staff time not charged to the grant does not need to be itemized by activity and can be summarized in an all-inclusive "Other" category of internal accounting systems.

As of January 1, 2015, BWSR will not accept position descriptions to account for staff time charged to BWSR grants.

### Required Elements

Staff time charged to BWSR grants must be tracked or accounted for as it is reported in eLINK, at two levels:

- **Grant.** When tracking staff time, grants must be identified by grant title in order to distinguish the grant from others administered by the organization (for example, FY15 NRBG - Local Water Management, FY16 SWCD Local Capacity Services, or FY15 Clean Water Fund Targeted Watershed followed by the project or program title). BWSR recommends a naming configuration consistent with the Grant Title in eLINK.
- **Eligible eLINK Activity Category,** including the following:
  - Administration/Coordination
  - Education/Information
  - Inventory/Mapping
  - Monitoring/Data Collection
  - Planning and Assessment
  - Project Development
  - Regulations/Ordinances/Enforcement
  - Technical/Engineering Assistance

## Additional Requirements of Time and Effort Documentation

Charges for staff time must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control that provides reasonable assurance charges are accurate, allowable, and properly allocated.
- Be incorporated into the official records of the grantee:
- Be maintained for all employees whose time is being charged to the grant.

Staff time contributed as match must be documented, quantifiable, and able to be distinguished from staff time charged or used as match elsewhere. Best practice is to document staff time used as match by grant title and activity. BWSR monitors the accuracy and allowability of staff time contributed as match.

## Examples of Time and Effort Documentation

---

BWSR provides two direct time tracking system templates and two personnel activity reports (PAR) templates to assist grantees in documenting the time and effort they charge and report to BWSR grants. The templates are provided as examples and grantees are not required to use the templates. Grantees may develop their own time tracking systems or PARs in accord with BWSR policy and guidance.

### Example 1: Direct Time Tracking

Direct time tracking is recording hours spent on a BWSR grant on a daily basis, as shown in figures 1 and 2 below.

This spreadsheet template shown in figure 1 below (or [download .xlsx file from BWSR's website](#)) records the hours per day an employee (identified at the top of the sheet) dedicates to each of several BWSR grants during a bi-monthly pay period. Individual BWSR grants are identified and time is tracked to the Activity Category within those grants. Grants and activities are listed in rows, and hours tracked in columns. The template links each employee's sheet to a summary sheet within the workbook that automatically calculates the amounts charged to grants for all employees.

The bi-weekly spreadsheet template shown in figure 2 below (or [download .zip file from BWSR's website](#)) arranges the grants and activities where daily hours are assigned to in columns (across the top of the spreadsheet) rather than in rows. This template differs from the previous template in tracking the time of individual employees in separate workbooks rather than in separate tabs in the same workbook. Hours are summarized per employee, and multiplied against the billing rates of those employees, to calculate amounts charged to grants.

A database can also be used to track time. The advantage of a database is it can be configured to track time at several levels beyond grant and activity. Depending on the program or project, a database can also be configured to automatically assign an employee's activities to the grant funding them.

**Figure 1: Bi-Monthly Time Tracking System, Grants and Activities in Rows.**

Stormy County/SWCD		Bi-Monthly Time Record														
Calendar Year 20XX		Employee Signature: _____										Date: _____				
Employee: _____		1-Jan	2-Jan	3-Jan	4-Jan	5-Jan	6-Jan	7-Jan	8-Jan	9-Jan	10-Jan	11-Jan	12-Jan	13-Jan	14-Jan	15-Jan
Other...																
Other...																
Other...																
Other...																
FY XX Grant	Activity Category 1															
	Activity Category 2															
	Activity Category 3															
	Activity Category 4															
FY XX Grant	Activity Category 1															
	Activity Category 2															
	Activity Category 3															
	Activity Category 4															
FY XX Grant	Activity Category 1															
	Activity Category 2															
	Activity Category 3															
	Activity Category 4															
FY XX Grant	Activity Category 1															
	Activity Category 2															
	Activity Category 3															
	Activity Category 4															
FY XX Grant	Activity Category 1															
	Activity Category 2															
	Activity Category 3															
	Activity Category 4															
Other...																
Other...																
Other...																

**Figure 2: Bi-Weekly Time Tracking System, Grants and Activities in Columns**

XXXXXX		20XX											
Name: XX		Title: XXX				Hourly Billing Rate: \$0.00							
Bi-Week Beginning:	Non Grant					FY XX Local Water Management				FY XX Wetland Conservation Act			
12/28/2014	Sick Hours	Vacation-PTO Hours	Board	Admin	Other	Activity Category 1	Activity Category 2	Activity Category 3	Activity Category 4	Activity Category 1	Activity Category 2	Activity Category 3	Activity Category 4
Sunday													
Monday													
Tuesday													
Wednesday													
Thursday													
Friday													
Saturday													
Sunday													
Monday													
Tuesday													
Wednesday													
Thursday													
Friday													
Saturday													
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Employee Signature: _____						Date: _____							

## Example 2: Personnel Activity Report (PAR)

The second option for accounting of staff time charged to BWSR grants is a personnel activity report or PAR. Like direct time tracking, a PAR is an after-the-fact determination of the time charged to BWSR grants. The only difference between the two options is that, while a direct time tracking system records time on a daily basis, a personnel activity report records time at some greater interval after the fact. BWSR requires PARs be filled out at least semiannually, but it is recommended to be done on a monthly basis, per the following examples.

**Figure 3: Personnel Activity Report, Activity Only**

<b>Personnel Activity Report</b>			
LGU: <u>Stormy County/SWCD</u>		Employee: <u>June Smith</u>	
Reporting Period: <u>October 1-31, 2014</u>		Title: <u>Clean Water Specialist</u>	
Program/Grant	Activity Category	Number of Hours	Distribution of Time
FY 15 WCA	Administration/Coordination	56.00	30%
FY 15 WCA	Technical/Engineering Assistance	75.00	41%
FY 15 WCA	Project Development	10.00	5%
FY 15 Conservation Delivery	Administration/Coordination	12.00	7%
Other Activities		15.00	8%
Leave		8.00	4%
General Administration		8.00	4%
		<b>Total:</b>	<b>184.00</b>
			<b>100%</b>
<i>I hereby certify this report is an after-the-fact determination of total activities and actual time expended for time period indicated.</i>			
Employee Signature: <u>June Smith</u>		Date: <u>11/5/2014</u>	

In this first example of a PAR above (or [download .xlsx document from BWSR's website](#)), the employee records the time he/she is charging to BWSR grants on a monthly basis, and assigns it as required to both the name of the grant (for example, FY 15 WCA, FY 15 Conservation Delivery, etc.) and the Activity Category (i.e., Administration/Coordination, Technical/Engineering Assistance, etc.). The PAR has a signature block for the employee to certify to the time reported. The PAR also includes rows for the hours not being charged to BWSR grants, but may be included in a billing rate calculation: leave hours (vacation, holidays, or sick) and general administration hours. (General administrative hours are *not* the hours directly charged to the "Administration/Coordination" of the grant itself.) It accounts for all of the employee's time during the month by documenting time dedicated to "Other Activities" not related to BWSR grants.

This second example of a PAR below records all of the information in the first example in a slightly different format (or [download .xlsx document from BWSR's website](#)). It adds space for a description of the activity performed, information that can be useful for submitting narratives of grant activities for the annual report required on the grant. Other data can be recorded on a PAR, such as the eLINK elements of Activity Subcategory or Practice Number and Name, but the expenditures on the grant reported in eLINK must be aggregated to the Activity Category level and assigned to a specific grant.



Both examples of PARs report time not only in number of hours, but also as percentages of the whole. Number of hours are necessary for calculating the cost of staff time, but percentages can be useful for budgeting or planning purposes. Budget estimates do not qualify as support for staff time charged to BWSR grants.

**Figure 4: Personnel Activity Report, Activity + Description**

<b>Personnel Activity Report</b>			
LGU: <u>Stormy County/SWCD</u>		Employee: <u>June Smith</u>	
Reporting Period: <u>October 1-31, 2014</u>		Title: <u>Clean Water Specialist</u>	
Grant	Percent of	Description of Activities	Hours
FY 15 LWM	40%	Education/Information	30.00
		Held water quality seminar	
		Monitoring/Data Collection:	34.00
		Sampled surface water	
		Administration/Coordination:	10.00
		Wrote budget	
		<i>Total:</i>	<i>74.00</i>
FY 15 SSTS	29%	Education/Information	20.00
		Provided article for newsletter on septic systems	
		Regulations/Ordinances/Enforcement:	20.00
		Gathered landowner regulatory requirements	
		Administration/Coordination:	14.00
		Issued Permits for new septic systems	
		<i>Total:</i>	<i>54.00</i>
	0%		
Other Activities	11%		20.00
Leave	9%		16.00
General Administration	11%		20.00
<b>Total Hours</b>			<b>184.00</b>
I have performed the above duties as described and the hours recorded are an accurate reflection of time expended during above time period.			
Employee Signature: <i>June Smith</i>		Date: <i>11/5/2014</i>	

## History

Description of revisions	Date
Revised format; minor text changes for clarity.	7/1/2017

## Determining a Billing Rate

**Updated Date:** 07/01/2018

### Overview and Background

---

A billing rate is an hourly rate used to charge staff time to BWSR grants. It consists of the employee's base hourly rate plus the costs of benefits, leave, facilities, and administration: costs necessary to keep a person employed and an office running. Billing rates can be an efficient method for charging costs to BWSR grants. By including costs in the staff time that is directly charged, the billing rate method automatically allocates those costs to the grants that should bear them.

Longstanding federal grant guidance classifies overhead costs into two broad categories: facilities and administration. As defined in the Code of Federal Regulations (2 Code of Federal Regulations, §200.414), facilities includes operations and maintenance costs such as insurance, rent, and utilities. Administration includes general administrative costs such as accounting/finance, clerical support, human resources, and management.

A proportionate share of direct and necessary administrative costs may be charged to BWSR grants. To factor the cost of administration in a billing rate, BWSR recommends using one of the following methods:

**Option 1.** Add 10% for facilities and administration costs to the modified base rate for each employee. The modified base rate includes salary, benefits, and leave. Costs in excess of normal facilities costs specific to achieving grant funded outcomes can be charged directly to grants.

**Option 2.** Add 10% of the total workable hours in the LGU in a year as general administrative time to the billing rate calculation. To use this option, the hours added must be documented as general administration and cannot also be charged to grants and can come only from administrative staff within the department where work on the grant is being done. The definition of administrative staff must be consistent with the organization of the grantee. For time tracking methods, see Time and Effort Documentation Guidance and Examples in this manual.

**Option 3.** Apply the organization's federally negotiated indirect cost rate to the staff costs of the program or project funded by BWSR grants. Federal indirect costs rates may be obtained from the cognizant federal agency responsible for reviewing, negotiating, and approving indirect cost proposals (See the Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Subpart A, §200.19 at <https://www.ecfr.gov/>).

## Application

---

Grantees are not required to charge facilities and administration costs to BWSR grants through a billing rate. If costs are needed, reasonable, consistently applied, and rationally allocated, grant recipients may still charge all allowable costs to BWSR grants directly. Costs directly charged cannot also be included in the billing rate calculation.

Grant recipients may include allowances or additions consistent with this policy and guidelines in the billing rates they use to charge staff time to BWSR grants. Allowances or additions to billing rates inconsistent with these guidelines will be disallowed from BWSR grants, effective for grant agreements executed after January 1, 2015.

### Additional Requirements for Billing Rates

- Overhead costs, like all costs charged to BWSR grants, must be based on actual costs, as reported in the previous or current year's financial statements.
- Hours documented as general administrative time or hours for sick leave, holidays, or vacation must be based on actual.
- Billing rates must be calculated for each employee. Billing rates rounded per employee category, or a single rate as the average rate for all employees of the grantee, are not allowed.
- Billing rates should be evaluated annually, but may be recalculated more often to reflect changes in costs or employees.

## Formulas and Examples for Calculating Billing Rates

---

Two spreadsheet templates are provided in this manual to assist grantees in calculating billing rates using Options 1 and 2. The templates are provided as examples only; grantees are not required to use them. The templates include:

- Option 1: How to Calculate Billing Rates Using MBR + 10%
- Option 2: How to Calculate Billing Rates Including Overhead Costs of Facilities and Administration

Correct formulas are built into the templates. A grantee need only input the figures highlighted, using actual costs from their previous or current year's financial statements, and billing rates that recover all allowable costs will result. BWSR may use this template to verify a grantee's own calculations. The formulas are also described and illustrated with examples below.

### *Example 1: Option 1*

**Option 1** adds 10% of an employee's modified base rate to the modified base rate to factor the costs of facilities and administration. The "modified base rate" includes salary, benefits, and leave.

If an employee’s modified base rate is \$25.00/hour, for example, a grantee is allowed to charge a rate of \$27.50/hour (\$25.00 + \$2.50) to BWSR grants. The additional \$2.50 per hour accounts for some of the employee’s share of facilities and administration costs.

- The formula for calculating a modified base rate is: (Salary + Benefits / Workable Hours) + (Cost of Leave / Hours Actually Worked)
- The formula for calculating a billing rate using Option 1 is: Billing Rate (allowing for facilities and administration) = Modified Base Rate + (.10 \* Modified Base Rate)

*Example 2: Option 2*

**Option 2: 1-9 employees** or **Option 2: 1-25 employees** factors the costs of facilities and administration in the billing rate. This example illustrates a staff of three employees: district manager, conservation technician, and administrative assistant. The elements of a billing rate are **salary, benefits, leave, and facilities and administration.**

**Figure 1: Sample statement of operations for the year.**

<b>STORMY COUNTY/SWCD</b>	
<b>STATEMENT OF OPERATIONS 201x</b>	
<b>EXPENDITURES</b>	
<b>Salaries</b>	
District Manager	\$54,579.00
Conservation Technician	\$40,501.00
Administrative Assistant	\$35,105.00
<b>Benefits<sup>1</sup></b>	
FICA	\$8,071.47
Medicare	\$1,887.68
PERA	\$9,438.41
Insurance	\$48,384.00
<b>Total Salaries and Benefits</b>	<b>\$197,966.57</b>
<b>Facilities<sup>2</sup></b>	
Education/Training <sup>3</sup>	\$948.93
Newsletters	\$327.27
Office Maintenance	\$288.82
Office Supplies	\$1,273.97
Postage	\$947.84
Professional Associations	\$1,600.00
Professional Services Ex:audit fees	\$863.33
Rent	6,326.49
Telephone/Internet/Fax	\$724.33
Unemp / Workers Comp Ins	\$2,143.29
Utilities	\$3,435.14

<sup>1</sup> The yellow highlighted rows are the total benefits costs for the employees.

<sup>2</sup> The green and blue rows are the total facilities costs.

<sup>3</sup> The green rows are facilities costs shared across the agency and included in the billing rate calculation.

Vehicle Gas/Maintenance	\$1,757.10
Software Licenses <sup>4</sup>	\$2,000.00
Field Supplies	\$400.00
<b>Total Facilities</b>	<b>\$23,036.51</b>
Total Facilities Included in Calculation	\$20,636.51
Total Facilities Directly Charged	\$2,400.00
<b>TOTAL EXPENDITURES</b>	<b>\$221,003.08</b>

- **Salary** is factored as an hourly base rate. To calculate an hourly base rate, divide an employee's annual salary by the workable hours in a year. For each full-time equivalent employee (FTE), workable hours = 2088.
- **Benefits** are specific to each employee. To factor the cost of benefits, divide the employer's portion of the employee's benefits by the workable hours in a year.

Note that 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.

**Figure 2: Calculation of Base Rates and Cost of Benefits**

<b>Base Rates</b>	
District Manager (= \$54,579 / 2088)	\$26.14
Conservation Technician (= \$40,501 / 2088)	\$19.40
Administrative Assistant (= \$35,105 / 2088)	\$16.81
<b>Addition to Base Rates for Benefits</b>	
District Manager (= \$24,260.27 / 2088)	\$11.62
Conservation Technician (= \$22,162.65 / 2088)	\$10.61
Administrative Assistant (= \$21,358.65 / 2088)	\$10.23

To factor the costs of **leave**, **facilities**, and **administration**, a different denominator of "hours actually worked" is used. Hours actually worked = workable hours minus sick leave, holidays, and vacation.

**Figure 3: Data Regarding Leave: Workable Hours and Hours Actually Worked**

<b>"Workable" Hours</b>	
Workable Hours in a Year	2,088
Total Workable Hours for grantee, Based on FTEs (= 3 * 2088)	6,264
<b>Leave Hours</b>	
District Manager	250
Conservation Technician	200

<sup>4</sup> The blue rows are facilities costs (in this example) specific to a program or project. These costs are directly charged to the program or project grant and are not included in the billing rate calculation.

Administrative Assistant	200
<b>Hours Actually Worked (Workable Hours Minus Leave) By</b>	
District Manager (= 2088 - 250)	1,838
Conservation Technician (= 2088 - 200)	1,888
Administrative Assistant (= 2088 - 200)	1,888
Total Hours Worked by all Three Employees	5,614

**Leave** for each employee. To factor the cost of leave, multiply the actual number of leave hours by the employee's base rate plus benefits, then divide the total by the hours actually worked by that employee.

**Figure 4: Calculation of Leave**

<b>Cost of Leave = Leave Hours * (Base + Benefits)</b>	
District Manager = 250 * (\$26.14 + \$11.62)	\$9,439.57
Conservation Technician = 200 * (\$19.40 + \$10.61)	\$6,002.27
Administrative Assistant = 200 * (\$16.81 + \$10.23)	\$5,408.40
<b>Additions to Rate for Leave</b>	
= Cost of Leave / Hours Actually Worked	
District Manager = \$9,439.57 / 1,838	\$5.14
Conservation Technician = \$6,002.27 / 1,888	\$3.18
Administrative Assistant = \$5,408.40 / 1,888	\$2.86

**Facilities** and **administration** are shared expenses. Each employee bears an equal share of the costs. To factor the cost of facilities, divide the total cost of facilities for the grantee by the total hours actually worked by all employees of the grantee.

**Figure 5: Calculation of Facilities**

<b>Facilities Expenses</b>	
Total Facilities Included in Calculation	\$20,636.51
<b>Addition to Base Rate for Facilities</b>	<b>\$3.68</b>
= Total Cost of Facilities / Total Hours Actually Worked	
= \$20,636.51 / 5614	

To factor the cost of **administration**, 10% of the total workable hours for the grantee may be added to the billing rate calculation. In the example of three full-time employees, the total workable hours = 6,264, so the administrative hours allowed = 626. These hours are distributed to the administrative staff of the grantee—the district manager and the administrative assistant—and valued at a rate that includes salary, benefits, leave, and the addition for facilities.

To factor the cost of administration, divide the total cost of administration by the total hours actually worked, *minus* the hours allowed for administration.

**Figure 6: Calculation of Administration**

Maximum Number of Hours Allowed for Administration = Total Workable Hours for the grantee * 10 percent = 6,264 * .10	626
<b>Documented Administration Hours</b>	
District Manager	500
Conservation Technician	200
Administrative Assistant	200
Total Documented Administrative Hours in LGU	900
<b>Cost of Administration</b>	
= Admin Hours * (Base Rate + Benefits + Leave + Facilities)	
District Manager = 500 * (\$26.14 + \$11.62 + \$5.14 + \$3.68)	\$23,284.98
Administrative Assistant = 126 * (\$16.81 + \$10.23 + \$5.14 + \$3.68)	\$4,231.39
Total Administration Included in Calculation	\$27,516.37
<b>Addition to Rate for Administration</b>	
= Total Cost of Admin / (Total Hours Actually Worked - Admin)	
= \$27,516.37 / (5,614 - 626)	
	<b>\$5.52</b>

These calculations result in the following billing rates:

**Figure 7: Billing Rate Calculations Summarized**

STORMY COUNTY/SWCD			
Calculation of Billing Rates Charged to BWSR Grants			
Formula	District Manager	Conservation Technician	Administrative Assistant
Base Rate	\$54,579 / 2088 = \$26.14	\$40,501 / 2088 = \$19.40	\$35,105 / 2088 = \$16.81
Base Rate + Benefits	\$26.14 + \$11.62 = \$37.76	\$19.40 + \$10.61 = \$30.01	\$16.81 + \$10.23 = \$27.04
Base Rate + Benefits + Leave	\$37.66 + \$5.14 = \$42.89	\$30.01 + \$3.18 = \$33.19	\$27.04 + \$2.86 \$29.91

Base Rate + Benefits + Leave + Facilities	\$42.89 + \$3.68 = \$46.57	\$33.19 + \$3.68 = \$36.87	\$29.91 + \$3.68 = \$33.58
Base Rate + Benefits + Facilities + Admin	\$46.57 + \$5.52 = \$52.09	\$36.87 + \$5.52 = \$42.38	\$33.58 + \$5.52 = \$39.10

## Summary

Costs charged to BWSR grants must be direct and necessary to produce the outcomes funded by the grant. In general, if you can associate a cost with a specific grant, you should directly charge it to that grant. If a cost supports more than one grant, you should include it in your billing rate or allocate it consistently across grants. Costs direct charged 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 directly charge to the grant must be itemized and documented.

## History

Description of revisions	Date
Revised format; minor edits and text changes for clarity.	7/1/2017
Revised for clarity. Updated billing rate calculator spreadsheets, and added an <i>Option 2</i> spreadsheet for smaller organizations.	7/1/2018



## Prevailing Wage

**Effective Date:** 07/01/2018

### Process

---

The Minnesota Board of Water and Soil Resources provides state funds to local governments through a grant agreement. Within these grant agreements, there is a section on prevailing wage which states:

#### **Prevailing Wage**

For projects that include construction work of \$2,500 or more, prevailing wage rules may apply per Minn. Stat. §177.41 through 177.44. Consequently, bid requests must state the project is subject to prevailing wage. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole.

Minnesota's Prevailing Wage laws are administered by the Department of Labor and Industry (DLI). According to DLI, "Prevailing wage is the minimum hourly wage employers must pay certain workers who work on construction projects where state dollars are used to fund the construction. The prevailing wage includes the employer's cost of benefits." In addition, prevailing wage applies to any construction project that is funded in whole or in part with state funds. Prevailing wage law may apply in situations in which the grant recipient is the direct contracting authority with a private contractor **and** in situations in which the local government provides a contract to a landowner or other entity who in turn hires a private contractor to work on the installation of a conservation project or other construction project.

According to Minn. Stat. §177.43, subd. 7, prevailing wage law does not apply to a contract, or work under a contract, whereby:

- (1) the estimated total cost of completing the project is less than \$2,500 and only one trade or occupation is required to complete it, or
- (2) the estimated total cost of completing the project is less than \$25,000 and more than one trade or occupation is required to complete it.

One of the ways DLI administers the Prevailing Wage Law is through a complaint driven process in which DLI receives a complaint and then determines if the complaint warrants the opening of an investigation. When DLI determines that an employer has been paying less than the prevailing wage "DLI requires the employer to pay back-wages to the worker to make up the difference." DLI "can also require the employer to pay penalties for failure to comply with the prevailing wage law."

For any questions regarding Prevailing Wage laws and more information, please visit the DLI Prevailing Wage website at: <http://www.dli.mn.gov/LS/PrevWage.asp> or contact:

Minnesota Department of Labor and Industry  
Prevailing Wage  
443 Lafayette Road N.  
St. Paul, MN 55155  
Phone: (651) 284-5091  
Email: [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

Grantees may also want to request assistance from their legal counsel.

## History

---

Description of revisions	Date
Updated language	7/01/2018

## Private and Nonpublic Data

**Effective Date:** 07/01/2017

### Responsibility

---

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>.)

Compliance with the Minnesota Data Practices Act requires collection and storage of data on individuals to be limited to only what is 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. Additionally, 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. The Data Practices Act requires that access to private and nonpublic data be limited 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.

### History

---

Description of revisions	Date
Revised format; minor text changes for clarity.	7/1/2017

## Conflict of Interest

**Effective Date:** 07/01/2017

### Responsibility

---

A conflict of interest, whether actual, potential, or perceived occurs “when a person has actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A conflict of interest exists even if no unethical, improper or illegal act results from it.” (Office of Grants Management, Policy 08-01). Recipients of BWSR grants are responsible for adopting local conflict of interest policies and procedures.

According to the Office of Grants Management Policy 08-01:

**ACTUAL CONFLICT OF INTEREST:** An actual conflict of interest occurs when a decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.

**POTENTIAL CONFLICT OF INTEREST:** A potential conflict of interest may exist if a grant reviewer has a relationship, affiliation, or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations, or interests.

**PERCEIVED CONFLICT OF INTEREST:** A perceived conflict of interest is any situation in which a reasonable third party would conclude that conflicting duties or loyalties exist.

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, potential, 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:

“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.”

## History

---

Description of revisions	Date
Revised format; minor text changes for clarity.	7/1/2017

## Recommended Local Policies and Requirements

**Effective Date:** 07/01/2017

### Recommendations

---

The following items are recommended to be identified in local program policies and/or are considered best practices in local management of a grants program. Depending on the item, program, and/or local needs, policies can be identified on a project-by-project or annual basis.

- Policy to identify staff skills, training, credentials, or other means to insure Technical Quality Assurance is achieved and projects are installed and maintained according to standards and specifications. This may include:
  - Identification of a technical assistance provider for each practice
  - Establishment of practices standards for design, construction, operation, and maintenance
  - Procedures for practice certification
  - Procedures for periodic practice or project inspection
- Policy that sets criteria for practice or project selection. This may include:
  - Location of the project or practice in a priority watershed and/or proximity to a priority resource identified in the local water plan;
  - Ability of the project or practice to address one or more priority issues identified in the local water plan;
  - Consideration of other land uses and activities in the area, such as the amount of upland treatment/control of the contributing watershed;
  - Ability of the landowner to meet Project and Practice Assurances, such as operation and maintenance and recording of practices; and/or
  - Other criteria as appropriate.
- Policy that sets local financial assistance rates to be less than or equal to rates set by the State Board. This may include:
  - Percentage-based rates
  - Incentives rates and/or durations
  - Maximum flat rates for specific practices, in-kind services and/or materials provided by land occupiers
- Local requirements for implementing non-structural land management practices, such as requirements for erosion control and water quality improvement.
- Local policy and procedures for addressing conservation practice assistance contract noncompliance.
- Policy for delegation of authority to sign contracts and supporting program documents from the grantee's elected or appointed board to grantee's staff.

- Policy setting threshold costs for equipment and for fixed assets (see Allowable and Unallowable costs)
- Policy setting fee for service rates and equipment rental rates.

Other policies as necessary and applicable to the program.

## History

---

Description of revisions	Date
New section of manual	7/1/2017

## Financial Management and Accounting

Effective Date: 07/01/2017

### Responsibility

---

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.

### History

---

Description of revisions	Date
Revised format; no text changes.	7/1/2017

## Allowable and Unallowable Costs

**Effective Date:** 07/01/2018

### Allowable Costs

---

Allowable and unallowable costs vary by grant program and funding source; specifics are identified within grant program policies and/or guidance.

Allowable costs are costs that can be charged to the grant or used as match. Generally, a cost is allowable if it is incurred through work activities that are:

- Necessary for producing the outcomes described in the grant agreement and associated work plan; and
- Occur during the grant period.

Expenses incurred before the grant is executed, or after expiration, are not allowed (exceptions exist for the Disaster Recovery Assistance Program and may occur in other instances, check the individual grant program policy for details).

Allowable costs include, but are not limited to, the items described below.

1. **Staff Time.** The salary, benefits, and leave for staff of the grantee are allowable if necessary to activities funded by the grant and supported by time and effort documentation. Examples of staff activities (consistent with the Activity Categories in eLINK):
  - Administration/Coordination (of the grant; see also Facilities and Administration below)
  - Education/Information
  - Inventory/Mapping
  - Monitoring/Data Collection
  - Planning and Assessment
  - Project Development
  - Regulations/Ordinances/Enforcement
  - Technical/Engineering Assistance

Not all categories are allowable activities for all grants. For how to document staff time worked on grants, see Time and Effort Documentation section of this manual. For how to charge staff time through a billing rate, see Determining a Billing Rate section of this manual. See also #5 Contractors / Services/ Project Costs below.

2. **Facilities and Administration.** Facilities are operations and maintenance expenses. Administration is a term for general expenses, shared across an enterprise, such as accounting, human resources, and

management. The costs of facilities and administration are commonly grouped together as overhead costs. Facilities and administration should be included in the billing rate or indirect cost allocation.

Examples of facilities:

- Insurance
- Office Maintenance
- Rent
- Severance packages
- Supervisor expenses
- Unemployment / Workers Compensation insurance
- Utilities

Facilities and administration costs can also include the staff time of support personnel (including the cost of grant oversight) that is not charged directly to the grant, provided that it is directly related to and necessary for grant activities.

3. **Donated Services or Property.** The cost or estimated costs of services or property donated to the grant recipient may not be charged to the grant, or included in a billing rate or indirect cost allocation (costs that are not actually incurred may not be charged to grants). Non-state donated services or property that can be quantified may be used to meet cost sharing or match requirements.

To the extent feasible, donated services or property contributed as match should be supported by the same standards of documentation as costs charged to the grant.

4. **Supplies.** Supplies are defined as all property that costs less than the threshold amount for equipment (as it is defined in section 5). Supplies also have a shorter useful life than equipment. Supplies may be charged directly to the grant program(s) that benefit from their use. Or if necessary for all grant programs, supplies may be included in the billing rate or indirect cost allocation. Examples of supplies:

- Office supplies
- Software
- Tools
- Fuel
- Repairs

5. **Contractors / Services / Project Costs.** The actual costs of construction, professional and technical services, and other goods and services provided by contractors hired by grant recipients or land occupiers are allowable. Grantees may not inflate contractor costs. Contractors / Project Costs must be charged directly to the grant program(s) that benefit from their use. Examples of contractors / project costs:

- Construction services
- Materials and supplies and incoming freight charges for them
- Signage

- Professional services specified in the approved work plan that are rendered by individuals or organizations
- Equipment rental or lease costs;
- Publication and printing expenses (including the process of composition, plate-making, press work, binding, and the end products produced) necessary for work products production and reports relating to work plan accomplishments, if specifically identified in the approved work plan for the grant.
- Reasonable food costs if included in the cost of meetings or conferences, as part of a standard per diem, or as part of a public participation event or training.

When a local government unit is providing services to another local government unit that will be paid for with BWSR grant funds or used to match BWSR grant funds, compensation or contributions in money, services, materials, or otherwise must be consistent with the actual cost or reasonable value of the services. See the BWSR Determining a Billing Rate Chapter of the GAM to determine reasonableness of hourly rates. All invoices for services associated with state funded initiatives are subject to BWSR review.

6. **Incentive Payments.** If BWSR grant programs allow incentive payments they must be reasonable, justifiable, and supported by grant recipient policy.
7. **Equipment and Other Capital Expenditures.** Equipment is defined as property having a useful life of more than one year that costs more than a certain threshold amount. A local government unit may establish a threshold amount defining equipment in its own policies, or if not defined, equipment is property with an acquisition cost of \$5,000 or more. Examples of equipment include:
  - Vehicles (e.g. pickup, SUV, or car)
  - All-terrain vehicle
  - Survey equipment

If equipment is already owned by the grant recipient, it is a capital asset (see below for instructions on how to charge capital assets to BWSR grants).

If equipment is purchased with grant funds to support a program or project funded by the grant, it is a capital expenditure. Capital expenditures must be allocated to the program(s) that benefit from their use and are allowable only as direct costs (they may not be included in a billing rate or indirect cost allocation). If a capital expenditure charged to any one grant exceeds \$10,000, the expenditure must receive prior approval. Prior approval may be obtained by including the item to be purchased in the LGU's approved initial annual budget, or the grant work plan. If neither option is applicable, Board Conservationist (BC) approval must be requested and received in writing prior to the purchase. BWSR may authorize exceptions to this requirement in writing prior to grant closeout.

If approval is requested, the request must explain why the equipment purchase is necessary for the program or project and demonstrate that the cost is reasonable (compared to similar purchases for

other local governments). The BC will document the request and decision on the request in the eLINK Grant Journal.

If equipment purchased with BWSR grant funds is no longer needed for the original purpose, it may be used to support other comprehensive plan activities. If the equipment is no longer needed and the fair market value is greater than \$5,000, please contact your BC for disposal instructions.

8. **Charging Grants for Capital Assets, or Equipment Already Owned.** Capital assets are defined as tangible and intangible assets having a useful life of more than one year, the cost of which is spread out over a period of time. Charges for capital assets already owned by the grant recipient that are necessary to support programs or projects funded by the grant are allowable costs to BWSR grants, but those costs must be properly allocated, to reflect the asset's actual use.

To allocate the cost of capital assets directly, to program(s) benefitting from their use, the depreciation method may be used. Capital assets should be depreciated using straight-line depreciation unless justification can be provided that use will vary from the early to later portions of the asset's life. The depreciation method should reflect the pattern of use.

Depreciation amounts are also allowable as indirect costs, in a billing rate (as a facilities cost) or indirect cost allocation.

When the depreciation method is administratively burdensome, a use allowance for the capital asset may be established. Use allowances should be calculated by evaluating actual costs over a period of time. The basis for an allowance can also be previously established rates such as the IRS established business standard mileage rate.

If a combination of local and state funds were used to purchase the item, the use allowance must deduct the acquisition cost previously charged to the state.

Examples of capital assets:

- Buildings
- Vehicles (pickup, SUV, car)
- Additions or improvements to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

Examples of use allowances:

- IRS established business standard mileage rate
- IRS established business standard mileage rate less the portion of the business standard rate treated as depreciation if the asset was acquired with state funds
- Custom farming rates survey / Machinery cost estimates
- Actual expenses sampled over time, and divided by miles, hours, square feet, etc. during the sampled time frame

- For buildings owned by the grant recipient, a market rate for an equivalent rental space in the area the building is located may be used as a use allowance, and included (like rent) as a facilities cost in a billing rate or indirect cost allocation.

## Unallowable Costs

---

Costs that are unallowable to be charged to BWSR grants, unless specifically allowed by a grant program, include but are not limited to:

- Bad debts, late payment fees, and investment management fees
- Giving donations and fundraising
- Entertainment, gifts, prizes and decorations
- Alcohol
- Interest on loans not authorized under state statute
- Lobbying, lobbyists and political contributions
- Merit awards and bonuses.

## Resources

---

Government Finance Officers Association: Determining the Estimated Useful Lives of Capital Assets	<a href="http://www.gfoa.org/determining-estimated-useful-lives-capital-assets">www.gfoa.org/determining-estimated-useful-lives-capital-assets</a>
State of Minnesota Guide to Local Government Capital Assets	<a href="http://www.osa.state.mn.us/other/GASBTools/capital_asset_guide.pdf">www.osa.state.mn.us/other/GASBTools/capital_asset_guide.pdf</a>
IRS Standard Mileage Rates	<a href="http://www.irs.gov/Tax-Professionals/Standard-Mileage-Rates/">www.irs.gov/Tax-Professionals/Standard-Mileage-Rates/</a>
University of Minnesota Extension Machinery Cost Estimates	<a href="http://extension.umn.edu/business/farm-finance">http://extension.umn.edu/business/farm-finance</a> (Follow link to “Machinery Cost Estimates”)
Custom Rate Survey	<a href="http://www.extension.iastate.edu/agdm/crops/html/a3-10.html">www.extension.iastate.edu/agdm/crops/html/a3-10.html</a>
Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Part 200 of Title 2 of the Code of Federal Regulations	<a href="http://www.ecfr.gov">www.ecfr.gov</a>

# History

---

Description of revisions	Date
Revised format; minor edits and text changes from 7/1/15 version.	7/1/2017
Paragraph added to item 5, Contractors / Services / Project Costs, clarifying that billing rate requirements apply when one local government provides services to another when using state funds.	7/1/2018

## Payroll and Personnel Records

*From the Board of Water and Soil Resources, State of Minnesota*

**Effective Date:** 07/01/2017

### Process

---

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 staff time charged 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.

## History

---

Description of revisions	Date
Revised format; no text changes.	7/1/2017

## Frequently Asked Questions

**Effective Date:** 1/1/2016

**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.

**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.

## History

---

## Implementing Contracts with Land Occupiers

**Effective Date:** 07/01/2017

### Responsibility

---

This document provides the guidance for implementing contracts, commonly called cost share or conservation practice contracts, with land occupiers. All BWSR grant recipient expenditure of funds providing financial assistance requires a contract with the landowner or land occupier. 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 funding source. Additionally, the procedures 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. And, organizations may delegate authority to approve actions, expenditures, and sign documents as long as delegation of this authority is supported by a documented local board or council action, such as a motion, resolution, or adoption of a policy or on a contract-by-contract basis.

### Project Technical Assessment

Once an issue or location for a potential conservation project is identified, a technical representative 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) , or flat-rate payment amount if applicable.
- 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 Assistance 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 representative 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, or when applicable a flat-rate payment total.

The organization 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, and local policies.

### *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 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. If requested, the organization may issue separate payments to each group member according to the division of payments schedule attached to the group project addendum.

## *Projects that Cross Organization Boundaries*

Where a project involves land in more than one organization, the organizations should consider identifying a lead organization for the project and land occupier(s) to be working with and may want to consider an agreement to pool or share resources to implement a joint project. Cooperative and joint projects should be considered to accomplish watershed-based resource management goals or other goals of mutual benefit. An example Memorandum of Agreement for pooling resources into a joint project is available in this manual.

## **Design and Implementation**

Once the contract has been approved and executed, the technical representative 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 representative 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 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 representative 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 organization. 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. Contract amendments must be filed in advance of and approved prior to final payment request from the land occupier.
5. If an amendment request is received that involves dates outside the executed State grant agreement date, outside the contract practice install date, or grant program policies 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. Payments must be made to the party that the contract is with. If so desired, and if recommended by the LGU attorney, a joint payment may be made to the land occupier and contractor.

### *Percent of Installation Cost Payments*

The procedures for issuing payment for a percent of the total cost based on receipts or invoices 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 must 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. the 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 representative 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 attached to the voucher.

Certification means to confirm that an inspection has been performed and as-built received and that the items identified under the Practice Information section of the voucher form have been completed and are in accordance with the requested practice standards and specifications.

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.

### *Flat-Rate Payments*

Before entering into contracts with land occupiers for flat-rate payments, it is important to check the specific requirements for the particular grant or funding source to ensure that flat-rate payments are allowed and if additional requirements exist. The procedures for issuing flat-rate payments are as follows:

1. The land occupier certifies, by signing the Voucher Form, that the practice was completed according to plans and specifications.

2. The technical representative certifies the practice was installed according to standards and specifications by signing the voucher. Certification may also be accomplished through detailed written communication from the technical representative attached to the voucher.
3. Certification means to confirm that an inspection has been performed and as-built received and that the items identified under the Practice Information section of the voucher form have been completed and are in accordance with the requested practice standards and specifications.
4. The completed voucher can be processed as any other bill or invoice the organization receives, according to the organization's policies and procedures.
5. A letter or notice of payment approval and a copy of the voucher and practice certification form or communication from the technical representative should be sent to the land occupier along with the payment.
6. 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.

**For flat-rate payments related to non-structural land management practices, such as but not limited to cover crops, residue management, or nutrient management,** practices are considered complete after the practice has been installed and certified by the technical representative in its initial year. All remaining years in the practice duration must be incorporated into the operation and maintenance plan and inspected annually or as identified in specific program policies. Payments may be made in full after installation of the initial year or annually after inspection by the technical representative. Payments must be made within the terms of the grant agreement.

### **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. Should the land occupier fail to maintain the practice during its effective life, the land occupier is liable to the State of Minnesota, through a local government unit grantee, 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. 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.

## History

Description of revisions	Date
Revised format; minor text changes for clarity.	7/1/2017
<ul style="list-style-type: none"> <li>• EDITED language specifying that these are requirements.</li> <li>• ADDED content to reflect new flat-rate policy and differentiate between flat-rate versus percent of installation cost-based payments</li> <li>• ADDED language under Group Contract section permitting separate payments to each group member</li> <li>• ADDED language under Design and Implementation to include management as well as construction</li> </ul>	2017

# Operation, Maintenance, and Inspection of Practices

---

Updated July 1, 2016

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.

Effective July 1, 2016

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. For non-structural land management practices, inspections are to be completed annually or as identified in specific program policies.

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.

---

#### *Summary of changes for FY17:*

- ADDED language regarding inspection of non-structural land practices

# Vegetation Requirements for BWSR Funded Projects

---

Effective July 1, 2016

All projects completed with BWSR grant dollars that involve vegetation restoration or establishment are subject to BWSR's [Native Vegetation Establishment and Enhancement Guidelines](#). While much of this publication is guidance, a few key components are required. Additionally, some programs may have program-specific requirements that may supersede what is contained in the Guidelines.

Key requirements within the Guidelines include the use of native vegetation, providing pollinator habitat, and incorporating high diversity levels. These apply to all BWSR programs that have vegetation restoration components, as well as other state programs that have adopted the guidelines. Environmentally suitable native, annual, biennial and perennial plant species (following the source selection criteria included in the Guidelines) are required for projects to meet legislative requirements and provide multiple landscape benefits. The Guidelines provide guidance on the topics of landscape resiliency planning, seed and plant sources, native variety/cultivar use, insecticides and chemical carryover, seed mixes, yellow tag seed, project bidding and specifications, protecting natural communities, riparian buffer planning and design, restoring pollinator habitat, climate change considerations, project site preparation, planting and maintenance and guidance for a variety of project types.

The Guidelines were adopted effective June 27, 2012 as policy under BWSR Board Resolution #12-56, with an effective date of July 1, 2012 (FY 2013), and are incorporated into this manual by reference. They replace BWSR's Invasive Non-Native Species Policy (Sept. 8, 2004). The Guidelines were updated for FY17.

## Native Vegetation Requirement

Native vegetation for BWSR funded projects to provide multiple landscape benefits, to prevent the use of invasive species and to meet legislative statutes and appropriation language.

### *Exceptions for Non-native Vegetation*

Non-native species may be approved in select cases where the species will provide increased ecological function and not pose a risk to natural plant communities. Contact your Board Conservationist or Clean Water Specialist regarding exemptions for projects completed with BWSR grant funding. For non-BWSR funded projects, please contact the program manager for the agency providing the funding. For the use of cover crops for soil stabilization local conservation staff have the authority to decide if native or non-native species should be used. They also have the authority to decide if native or non-native perennial grasses (with the exception of aggressive species such as reed canary grass, *Phragmites* sp. and *Miscanthus* sp.) should be used for the practice "grass waterways" on working lands due to the need for rapid establishment, the potential for pesticide overspray and repeated haying.

## Pollinator Habitat Requirement

State legislation from 2013 states that "prairie restorations conducted on state lands or with state funds must include an appropriate diversity of native species selected to provide habitat for pollinators throughout the growing season". As a result, prairie plantings need to focus on providing spring, summer, and fall blooming plants. It is also important that any

native seed and plants supplied for projects must not be treated (seed coatings or foliar application) with insecticides including but not limited to neonicotinoid insecticides (such as imidacloprid, clothianidin, thiamethoxam, dinotefuran and acetamiprid) that can harm pollinators.

## **Diversity Levels**

As a general rule high diversity levels are promoted to increase the long-term resiliency of projects and to provide competition for invasive species. Appropriate diversity levels for projects are defined in NRCS practice standards for projects.

# Recording Conservation Practices

---

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.

All recording forms must comply with **Minnesota Statutes 507.093 STANDARDS FOR DOCUMENTS TO BE RECORDED OR FILED (IN PART):**

a) The following standards are imposed on documents to be recorded with the County Recorder or Registrar of Titles:

1. The document shall consist of one or more individual sheets measuring no larger than 8.5 inches by 14 inches.
2. The form of the document shall be printed, typewritten, or computer generated in black ink and the form of the document shall not be smaller than 8-point type.
3. The document shall be on white paper of not less than 20-pound weight with no background color, images or writing and shall have a clear border of approximately one-half inch on the top, bottom and each side.
4. The first page of the document shall contain a blank space at the top measuring three inches, as measured from the top of the page. The right half is to be used by the County Recorder or Registrar of Titles for recording information and the left half is to be used by the County Auditor or Treasurer for certification.
5. The title of the document shall be prominently displayed at the top of the first page below the blank space referred to in clause (4).
6. No additional sheet shall be attached or affixed to a page that covers up any information or printed part of the form.
7. A document presented for recording or filing must be sufficiently legible to reproduce a readable copy using the County Recorder's or Registrar of Title's current method

**Examples of What Form to Use and When**

<b>Situation</b>	<b>Form</b>	<b>Who Signs</b>
<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

<b>Situation</b>	<b>Form</b>	<b>Who Signs</b>
<i>Individual landowner has a mortgage (with a mortgage company) on property</i>	Recording of State Conservation Practices, Individual; and,  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; and,  Mortgagee's Consent form, Corporation	Corporation officials   Mortgage Company

**Instructions for Recording Conservation Practices Forms**

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

**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.

**Description of Practice.** Describe the conservation practice including type, quantity and, if possible, dimensions of the practice.

**State Financial Assistance 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.

**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.

**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.

**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.

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.

---

*Summary of changes for CY2017:*

- **ADDED** Reference to Minnesota Statutes 507.093 STANDARDS FOR DOCUMENTS TO BE RECORDED OR FILED (IN PART). Corresponding forms have also been modified to reflect the standards.