

PAYMENT MANUAL
FOR
HERITAGE ENHANCEMENT
GRANTS



Minnesota Department of Natural Resources
Division of Fish and Wildlife
June, 2008

PREFACE

The manual will not be able to address all issues and potential problems that may arise during the completion of a project. However, please do not hesitate to contact the Division of Fish and Wildlife staff for any technical assistance regarding your work program and requests for amendments to your grant contract. For questions regarding payment requests please contact State's Authorized Representative Leslie Tannahill, Grants Specialist, 651-259-5242, or leslie.tannahill@dnr.state.mn.us.

BASIC PROCEDURES

The purpose of this manual is to provide direction for the proper administration and accounting needed for a Heritage Enhancement (HE) grant contract. When working under a HE grant contract, there are six basic procedures that must be followed:

1. Costs incurred **before** the project is authorized and the contract signed by all parties with the State are not eligible for payment under this grant.
2. HE grant funds can only be used to pay for costs that are directly and exclusively related to the HE grant contract. Funds are not to be used for existing staff time unless a portion of the staff time has been reassigned to the HE grant contract, the staff time is listed in the approved work program and can be documented with time records.
3. Any change to the grant contract must be submitted in writing to State's Authorized Representative Leslie Tannahill and formally approved before the changes are effective and work can begin or costs incurred. Minor changes such as the change or addition of a work site may be approved by letter or e-mail message from the State's Authorized Representative. More substantial changes such as change in scope of work or amount of the contract require a formal amendment to the grant contract. All parties must sign this amendment before work can begin or costs incurred.
4. Costs for administration of the project are not eligible unless expressly approved in the Work Program together with a plan of activities and actual work products.
5. Indirect costs are not eligible for payment. See the Terms and Conditions section of this manual for a list of eligible and non-eligible costs.

The forms needed for this grant program are available on the DNR's website at <http://www.dnr.state.mn.us/grants/habitat/heritage.html> or can be provided to you electronically.

A. PAYMENT TO GRANTEE

All HE grants are administered as follows:

To obtain the money approved for a project, the recipient must document direct project expenditures totaling no more than the total project cost identified in the agreement with the State of Minnesota. Work must be completed, or purchases made, before payment is requested from the State. Documentation must be provided in the form of invoices or receipts. See Invoices, page 4, for more details. Costs incurred after June 30, 2010 will

not be reimbursed. Payment requests may be made at any time during the contract with final payment requests due on or before 3:00 pm July 23, 2010.

Capital Equipment Expenditures

No expenditure for capital equipment is allowed unless expressly authorized in the project work program.

B. SUBMIT CHANGES TO THE APPROVED PROJECT TO THE STATE'S AUTHORIZED REPRESENTATIVE

Payment for your project will be based on the work program in your agreement with the State of Minnesota. Any changes to activities, results, location of work, budget or expenses must be submitted in writing and formally approved by State's Authorized Representative, Leslie Tannahill. The State's Authorized Representative should be contacted before submitting a work program amendment to discuss the proposed changes and assist with the correct format. Generally an e-mail explaining the changes will do. The State's Authorized Representative will request approval from the local Area Wildlife Manager and Regional Project Coordinator, then an approval letter or e-mail message for a work plan amendment will be sent to you. For State's Authorized Representative contact information, please see page 6 of this manual.

C. ACCOUNTING AND RECORD RETENTION

The grantee is responsible for maintaining fiscal controls and fund accounting procedures that are based on generally accepted accounting standards and principles. The following practices are required:

1. Grant funds may only be used for the purpose of the grant.
2. Establish adequate internal systems of financial control following generally accepted accounting and auditing principles. Accounts must be set up separately in the Recipient's accounting ledger system. Any accounting issues not addressed in the contract or this Attachment are subject to the Department of Natural Resources Standards as interpreted by their internal auditors. All projects are subject to final audit.
3. Itemize all supporting records of project expenditures in sufficient detail to identify the grant, project site and purpose of the expenditure. Retain original supporting documents for each project including all expenditures, and receipts. All invoices from vendors must include the date work was performed or product delivered.
4. Cross-reference each expenditure with the supporting purchase order, contract voucher, invoice, etc. These supporting documents must contain the signature of the individual authorized to approve such expenditures.
5. All invoices from vendors must be paid within 30 days.
6. When a payment for project expenditure is by check, the check must be properly identified with the project item and invoice number written on the check.
7. All paid (Grant Account) employees working on a grant must fill out daily timesheets or log books. The timesheets must show the date, hours worked, project site, and grant that the funds are coming from. Both the employee and supervisor must sign Timesheets. Original time records must be available for review.
8. Maintain payroll vouchers for salaries and wages paid and cross reference with timesheets.

9. All volunteers working on state lands are required to fill out volunteer applications and record volunteer hours on the forms provided. This also provides coverage under the State's Worker's Compensation Program.
10. Records for recipient-owned equipment used on a project must include the time actually used for the project and the computation used to arrive at the charged use rate.
11. All accounting records, project agreements, and correspondence related to the grant must be maintained by the grantee for a minimum of six (6) years following the final report. Records are subject to examination by DNR staff, and audit as stated in the grant contract.

D. PURCHASED MATERIALS AND SERVICES

Materials and services purchased by the recipient to achieve results stated in the work program may be credited as eligible project expenditures. Typical examples of material/service purchases include hardware, paint, lumber, sand/gravel, concrete, landscape materials, signs, design/engineering services and subcontractor services. See "Terms and Conditions" for information about eligible and non-eligible costs and other requirements that are also included in your agreement with the State of Minnesota.

Invoices

Invoice and receipt must be obtained from the vendor to provide evidence of the sale, whenever the recipient purchases materials or services. The invoice/receipt must be legible and include the following items:

- Name and address of the vendor;
- Date of purchase or work
- WMA where work was done or where materials will be used, if applicable
- Quantity of item(s) purchased;
- Description of item(s) purchased;
- Unit price;
- Total amount of each line item.

Please note that there may be instances that will require special attention. The recipient may have some invoices that include materials/services for work not included in the HE grant contract. In this case, highlight or otherwise identify on the invoice(s) only those items that are being charged against the HE grant contract. For other instances, please contact State's Authorized Representative Leslie Tannahill for assistance.

It is very important that all expenses that are submitted for payment are eligible costs under your agreement. Please see the section entitled "Terms and Conditions" for a list of eligible and non-eligible costs. Also consult your grant contract for more project specific information. If we are unable to determine if the costs submitted are eligible costs, then we will contact you for additional information. If it is found or determined that non-eligible costs have been paid to a recipient, the recipient will be required to return or pay back the funds that were reimbursed in error.

Please Note: The DNR Payment Request Form is to be completed and submitted to DNR State's Authorized Representative Leslie Tannahill for each payment request. Be sure to completely fill out the upper portion of the Payment Request Form.

DOCUMENTATION CHECKLIST

The checklist contains all of the items that must be included with each payment request. Please use the checklist to ensure that your payment request is complete.

For all projects, the recipient must submit the following:

_____ A completed Heritage Enhancement Grant Payment Request Form (be sure to complete both sides)

_____ Copies of invoices showing:

- Name and address of the vendor;
- Date of purchase or work
- WMA where work was done, or supplies will be used
- Quantity of item(s) purchased;
- Description of item(s) purchased;
- Unit price;
- Total amount of each line item.

_____ Copies of time sheets for staff being paid with grant monies

All payment requests must be received by 3:00 pm, July 23, 2010.

E. CONTACT INFORMATION

State's Authorized Representative for these grants:

Leslie Tannahill

Grants Specialist

MN DNR-Division of Fish and Wildlife

500 Lafayette Road

St. Paul, MN 55155-4020

Office: (651) 259-5242

Fax: (651) 297-4961

e-mail: leslie.tannahill@dnr.state.mn.us

Annual and Final Reports: Submit copies to the State's Authorized Representative via email or hard copy to the address above. Final Reports must be hard copy with original signature of the project manager.

Work Program Amendments: Any changes to activities, results, budget or expenses must be submitted in writing (hard copy or email) and formally approved by the State's Authorized Representative. The State's Authorized Representative will provide a written response (generally by email) regarding the amendment proposal. Written approval by the State's Authorized Representative must be obtained **prior** to incurring any expenses or performing any work related to the proposed change.

Payment requests: Send one copy of request for payment with supporting documentation (see check list). Keep a copy for your files. All requests must be received by **3:00 pm, July 23, 2010**.

F. TRAVEL ALLOWANCES

Travel allowances are rarely allowed and must be expressly identified in the grant contract and Work Program. Please contact State's Authorized Representative Leslie Tannahill for more information.

G. TERMS AND CONDITIONS

The conditions below apply for **all** HE grant contracts. They can also be found in your HE Grant Agreement with the State of Minnesota and the Work Program Guidelines.

1. ELIGIBLE COSTS

Eligible costs are those costs directly incurred through project activities that are solely related to and necessary for producing the work products described in the approved Work Program during the appropriation period. All dollars are awarded on a reimbursement basis, unless specifically authorized.

Eligible costs may include but are not limited to the following and are eligible **only if specified** in the approved Attachment A of the Work Program:

- a) Expenditures incurred only after the effective date in the approved grant contract. No expenditures will be allowed after June 30, 2010 unless approved by specific law;
- b) Advertising costs solely for (1) Solicitation of bids; (2) Disposal of scrap materials; (3) Other purposes specifically provided for in the approved Work Program;
- c) Capital expenditures for facilities, equipment and other capital assets as expressly approved in the Work Program. For expenditures greater than \$500, the Recipient must include in the Work Program an explanation as to how all the equipment purchased with the appropriation will continue to be used for the same program through its useful life, or, if the use changes, a commitment to pay back to the State an amount equal to either the cash value received or a residual value approved by the State's Authorized Representative if it is not sold;
- d) Materials and supplies and incoming freight charges for them;
- e) Publication and printing costs (including the processes of composition, plate-making, press work, and binding, and the end products produced) necessary for contract administration; work products production; and biennial reports relating to work program accomplishments;

- f) Wages and expenses of salaried Recipient employees if specified in the grant contract;
- g) Fringe benefit costs limited to salary, FICA/Medicare, retirement, and health insurance of Recipient's employees if specified in the grant contract;
- h) Professional services specified in the approved Work Program that are rendered by individuals or organizations not a part of the Recipient;

2. NON-ELIGIBLE COSTS

Non-eligible costs for reimbursement mean all costs not defined as eligible costs, including but not limited to the following:

- a) Any costs incurred before the effective date in the grant contract;
- b) Any costs attributable to fund raising;
- c) Taxes, except sales tax on goods and services;
- d) Insurance, except title insurance, unless specifically identified in the grant contract;
- e) Attorney fees; except for acquisition and clearing title to land;
- f) Loans, grants, or subsidies to persons or entities for development;
- g) Bad debts, late payment fees, finance charges or contingency funds;
- h) Interest;
- i) Lobbyists;
- j) Political contributions;
- k) Investment management fees;
- l) Memberships – (including subscriptions and dues);
- m) Indirect costs – (such as office maintenance, office utility costs, refreshments for staff or volunteers, decorations);
- n) Directors or officers salary unless expressly approved in the Work Program together with a plan of activities and actual work products;
- o) Office rental fees – (including storage space rental);
- p) Food and refreshments, unless expressly approved in the grant contract together with a plan of activities;
- q) Transportation and travel expenses such as lodging, meals, and mileage of personnel involved in the Project
- r) Publications and periodicals;
- s) Merit awards and bonuses;
- t) Employee worksite parking;
- u) Entertainment;
- v) Gifts and prizes.

3. WORK PROGRAM AMENDMENTS FOR RESULTS OR BUDGETED ITEMS

Any Amendments to the Work Program must be submitted in writing and approved in writing by State's Authorized Representative Leslie Tannahill before they are effective. These include changes in planned activities in the Results section of the Work Program and/or changes in budgeted line items. Substantial changes to the Work Program such as an increase or reduction in funding, or change in scope of the work, will require a formal Grant Amendment that must be executed and approved by the same parties who executed and signed the original grant contract, or their successors in office.

4. REPORTS

The Recipient shall submit periodic Work Program status reports to State's Authorized Representative Leslie Tannahill in a form provided by the State's Authorized Representative on or before the reporting dates stated in the Work Program. This may include Annual reports, and a Final Report. A Final Report documenting all expenditures and accomplishments must be submitted to the State's Authorized Representative on or before August 1, 2010.

5. ACKNOWLEDGEMENTS

The Recipient agrees to acknowledge the State's financial support for this Project. Any statement, press release, bid, solicitation, or other document issued describing the Project shall provide information on the amount and proportion of State funds supporting the total cost of the Project and will contain the following language:

Funding for this project was provided by the Department of Natural Resources - Division of Fish and Wildlife from the Heritage Enhancement Fund.

6. OWNERSHIP OF MATERIALS AND INTELLECTUAL PROPERTY RIGHTS

All rights, title, and interest to all intellectual property rights, including patents, copyrights, services and trade marks, in all materials conceived or originated by the Recipient either individually or jointly with others, which arise out of the performance of this agreement, are jointly owned by the Recipient and the State. The State's ownership shall equal the percentage of the total Project cost paid for by state funds under this appropriation. The Recipient's contribution must be for actual and direct costs for the Project. All Recipient's contribution must be approved in advance to be eligible to qualify as the Recipient's contribution to the total Project costs for delivery ownership and regular percentages. This ownership interest shall not be reduced by any reimbursements to the Fund made by the Recipient Sales of Products or Royalty Payments requirements. Any report, study, computer software, data base, model, invention, photograph, negative, audio or video recording, or other item or document, in whatever form, created or prepared by the Recipient in the performance of its obligations under this Agreement are the exclusive property of the Recipient of the appropriation and the State except where stated otherwise in this appropriation. The Recipient of the appropriation, at the request of the State, shall execute any necessary documents necessary to transfer ownership rights to the State.

Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time, actually or constructively reduced to practice by the Recipient or its employees in the course of or in connection with this appropriation, the Recipient shall immediately give the State's Authorized Representative written notice thereof, and shall promptly furnish the State's Authorized Representative with complete information thereon. The State's Authorized Representative and the Recipient have the sole right to determine whether or not and where a patent application shall be filed.

The Recipient and the State reserve the right to use for their own purposes any intellectual property right produced as the result of the Project without payment to the other party. The party using said product shall protect the intellectual property rights to the product and advise the other party of its use.

The State reserves "march-in" rights which can be exercised if the Recipient fails to market or offer to market any product resulting from activities undertaken pursuant to this Agreement within three (3) years from the termination of this Agreement, notwithstanding the above provisions of this section. The Recipient shall, upon request of the State, execute and provide the necessary documents for this purpose.

7. OWNERSHIP OF RESEARCH RESULTS

If, within three (3) years of the termination of this agreement, the Recipient elects not to commercialize any product derived from the research conducted under this Project, the research materials shall be returned to the State without cost and free and clear of any obligation to the Recipient.

The Recipient represents and warrants that the material produced under this Agreement does not and will not infringe upon the intellectual property rights of another, including patents, copyrights, trade secrets, trade and services marks and names. The Recipient will defend and indemnify the State at the Recipient's expense in any claims or actions brought against the State to the extent that it is based on a claim or action that all or part of the material infringes upon the intellectual property rights of another. The Recipient is responsible for obtaining any necessary licenses to use the intellectual property rights of another.

8. SALE OR LICENSE OF PRODUCTS

The Recipient agrees to reimburse the Fund revenues it receives from licenses, transfers, or other income generated from products based upon materials derived from this Project up to the amount of State funds provided under this appropriation unless expressly approved under the work program. Such reimbursement will be made by the Recipient upon first sale of any product worldwide whether or not such products are patentable.

The Recipient, for itself and its licensees, agrees to sell any product derived from this appropriation and not subject to ownership by the State to the State of Minnesota for the royalty-free wholesale price less a ten percent (10%) discount. This clause shall continue to be in effect after all State funds have been repaid to the State.

The Recipient agrees that if revenue is generated from putting on workshops, conferences, etc. under this Project, eligible project expenses will be offset with this revenue and reimbursement will not be requested for expenditures covered by this revenue.

9. ROYALTY PAYMENTS

The State owns and shall take title to the percentage of a royalty, copyright or patent resulting from this Project equal to the percentage of the project's total funding provided by this appropriation subject to the provisions of Minnesota Statutes Chapter 116P.10. Cash receipts resulting from royalties from the licensing of copyright, patent, or other intellectual properties shall be paid to the Fund on a quarterly basis within thirty (30) days after the end of each calendar quarter. The Recipient shall not license the intellectual property rights without the express written agreement of the State.

10. PURCHASE OF RECYCLED AND RECYCLABLE MATERIALS

The Recipient shall use this appropriation in compliance with Minnesota Statutes Chapter 16B.121 to 16B.122 requiring the purchase of recycled, repairable, and durable materials, the purchase of uncoated paper stock, and the use of soy-based ink, the same as if it were a state agency. The Recipient shall ensure that all sub-recipients comply with this requirement.

11. ENERGY CONSERVATION

Any capital improvements made under this Project shall comply with the applicable energy conservation standards contained in law, including Minnesota Statutes Chapter 216C.19 to 216C.20 and rules adopted there under. The Recipient may use the energy planning, advocacy, and state energy office units of the Department of Commerce to obtain information and technical assistance on energy conservation and alternative energy development relating to the planning and construction of the capital improvement Project.

12. NATIVE PLANT SPECIES

Vegetation planted must be native to Minnesota and preferably of the local ecotype unless the work program approved by the Area Wildlife Manager expressly allows the planting of species that are not native to Minnesota.

13. USE OF GRANT FUNDS FOR MATCH OR REIMBURSEMENT

Grant funds cannot be used by the Grantee for any match or reimbursement without written authorization from State's Authorized Representative Leslie Tannahill.