



Agency Policies and Procedures

Issue Date: December 7, 1998

Policy Number: FMR-1K-01

Revised Date: May 27, 2010

Page: 1 of 3

Use of Bond Proceeds

Policy Objectives:

Agency policies and procedures for charging Project Management Direct Services to bond projects are designed to ensure:

- Project management services charged to bond projects are consistent with the state's policy,
- Documentation is maintained to support all costs for project management services charged to bond projects,
- The approval process for bond project costs is appropriate, and
- Reporting, as required by the state policy, is complete and timely.

Background Information:

Real Estate and Construction Services (RECS) is responsible for providing project management services for asset preservation, energy efficiency, repair, renovation, and construction projects on state-owned facilities across the State of Minnesota. As the owner's representative, RECS oversees planning, design and construction for a number of state agencies including the Departments of Administration, Agriculture, Corrections, Human Services, and Veterans Affairs, along with the Perpich Center for Arts Education, Minnesota State Academies, Iron Range Resources and Rehabilitation Board, Minnesota History Center and Minnesota Retirement Systems Building.

Authority:

- **M.S. 16B.31 Commissioner Must Approve Plans** - (a) The commissioner shall (1) have plans and specifications prepared for the construction, alteration, or enlargement of all state buildings, structures, and other improvements except highways and bridges, and except for buildings and structures under the control of the Board of Regents of the University of Minnesota or of the Board of Trustees of the Minnesota State Colleges and Universities; (2) approve those plans and specifications; (3) advertise for bids and award all contracts in connection with the improvements; (4) supervise and inspect all work relating to the improvements; (5) approve all lawful changes in plans and specifications after the contract for an improvement is let; and (6) approve estimates for payment. This subdivision does not apply to the construction of the Zoological Gardens.

Business Risks:

Noncompliance with established principles for use of bond proceeds, and/or inconsistent application of these policies increases the likelihood for:

- Costs to be improperly charged to bond funds

Policies and Procedures:

1. Charging Project Management Costs for Direct Services to Project

Admin may charge direct project management services to bond projects. Direct project management services are limited to specific activities on projects performed by project managers, agency team executives, construction program operations manager, and RECS director as listed on Exhibit A (Direct PM Services) and may include travel expenses.

2. Approval Process

- A. Prior to expending any bond fund appropriations, the RECS director will submit a written request outlining the anticipated charges to provide Direct PM Services to projects to the Financial Management and Reporting (FMR) director for approval. The request will specifically identify the anticipated projects to be charged for Direct PM Services the legal authority, account codes, amount appropriated, and anticipated amounts to be spent.
- B. Upon approval, the FMR Director will submit a memorandum to the agency's Executive Budget Officer (EBO) outlining the appropriations to be charged for Direct PM Services, the policy and procedure for tracking and reporting charging for Direct PM Services, the amounts appropriated, and the anticipated amounts to be spent.

3. Time Entry

- A. RECS staff will enter chargeable hours with appropriate funding data into Employee Self Service by day. Funding data will include:
 - 1. fund,
 - 2. fiscal year,
 - 3. appropriation unit,
 - 4. organization number, and
 - 5. project number (MAPS job number).

The supervisor will review and approve each employee's time entry to ensure the appropriateness and accuracy of those hours charged to specific project funding.

- B. Chargeable hours will only include actual hours worked on a specific project.
 - C. Each Project Manager will document in the project management database the specific capital projects he/she is assigned to and the direct time spent working on each project (MAPS Job Number) during a pay period.
 - D. RECS staff will reconcile SEMA4 with the project management database biweekly.
4. Reporting – RECS staff will report on a quarterly basis the time and travel charged for Direct PM Services on bond projects. Upon completion, a report in the form prescribed by MMB shall be submitted to the RECS Director or designee who will certify the report and forward to the FMR director. The FMR director shall submit the quarterly reports to the agency's EBO.
5. Review of Capital Budget Requests – When possible, RECS staff will review capital budget requests for projects to be managed by RECS and modify any request to include anticipated state project management services associated with the project.

Forms:

MMB Quarterly Report

See Also:

- **Minnesota Statutes**
 - [M.S. 16A.641](#) *State Bonds; Appropriations* - This statute allows that commissioner of management and budget to sell and issue general obligation bonds of the state in accordance with the constitution. The full faith, credit, and taxing powers of the state are irrevocably pledge for the prompt and full payment of the bonds and interest.
 - [M.S. 16A.642](#) *State Bonds: Reports, Cancellations State Bonds: Reports, Cancellations*– This statute requires the commissioner of management and budget to report to the legislature specific information regarding the issuance and cancellation of bonds.
- [Constitution of the State of Minnesota Article XI](#) *Appropriations and Finance* – This article outlines the general structure as well as intended purposes of funds realized from the sale of bonds.
- **Minnesota Management and Budget (MMB) Policy Regarding Use of General Obligation Bond Proceeds to Fund Staff Costs dated October 20, 2009.**
- [MMB Capital Budget Instructions](#), see the appendix for the Use of General Obligation Bond Proceeds
- [SEMA 4 Operating Policy and Procedure Number PAY0016](#), *Bi-weekly Time Reporting By Employees*
- [SEMA 4 Operating Policy and Procedure Number PAY0018](#), *Labor Distribution*