



# Minnesota Management & Budget Statewide Operating Policy

Minnesota Management and Budget, Budget Division  
Issued: February 18, 2014

Number 0303-01  
Revised: N/A

---

## Federal Funds

### Objective

To ensure federal funds are reviewed in a manner consistent with federal and state laws, rules and regulations. [Minnesota Statute 3.3005](https://www.revisor.mn.gov/statutes/?id=3.3005) (<https://www.revisor.mn.gov/statutes/?id=3.3005>) requires that all executive branch agencies receive legislative review before expending any federal money. Legislative approval occurs through the biennial or supplemental budget, specific authority in law, or approval by the Legislative Advisory Commission (LAC).

### Policy

One of the review and approval procedures (A-E) must be used prior to the encumbrance and expenditure of federal funds. These procedures are detailed in the Statewide Operating Procedures 0303-01.1.

- A. Governor's Biennial Budget
- B. Governor's Revised Recommended Biennial Budget
- C. Session Submission/Governor's Supplemental Budget
- D. 20-Day Review Process (October 1)
- E. 10-Day Review Process (as needed)

Note: If the grant purpose changes or the amount of federal grant increases from the time of the initial approval, the additional federal money may be encumbered or expended after receiving approval from one of the procedures listed in A -E above. The timing of the request for reauthorization depends on the urgency of the expenditure of funds. Questions about whether an increased grant amount needs approval should be discussed with your assigned executive budget officer.

New in 2013: A legislative change made 20-day and session approvals by the commission effective for both years of the current biennium. The 10-day requests are approved only for the current fiscal year.

New in 2013: A legislative change specified the contents of federal fund requests as follows:

1. the name of the federal grant,
2. the federal agency from which the funds are available,
3. a federal identification number,
4. a brief description of the purpose of the grant,
5. the amounts expected by fiscal year,
6. an indication if any state match is required,
7. an indication if there is a maintenance of effort requirement, and
8. the number of full-time equivalent positions needed to implement the grant.

## Indirect Costs

Applications for federal funds must include requests for both statewide and agency indirect costs. Each agency receiving federal funds must annually prepare and submit an indirect cost plan to its cognizant federal agency. The indirect cost requirements are outlined in [Minnesota Statutes section 16A.127](https://www.revisor.mn.gov/statutes/?id=16A.127) at (<https://www.revisor.mn.gov/statutes/?id=16A.127>) and MMB Statewide Operating Policy 0105-01 – Indirect Costs.

## Reporting

Agencies are required to adhere to all reporting and monitoring requirements outlined in the federal grant award. Agencies are also required to be aware of federal reporting requirements outlined in the [Federal Funding and Accountability Act \(FFATA\)](https://www.fsrs.gov/) (<https://www.fsrs.gov/>).

## Cash Flow

Cash Flow Requests and Analyses will no longer be required for federal fund appropriations. The budget authority type will be set to G = Greater of Budgeted or Collected Revenue for all federal fund appropriations. **IMPORTANT NOTE: MMB strongly urges agencies to drawdown or claim for reimbursement federal grant monies as often as possible to mitigate negative balances created by spending estimated revenues.**

## Federal Funds Review Form

A [Federal Funds Review Form MMB-07250-01](http://mn.gov/mmb-stat/documents/accounting/forms/7250-01-form.doc) (<http://mn.gov/mmb-stat/documents/accounting/forms/7250-01-form.doc>) should be prepared and submitted to Minnesota Management & Budget as part of procedures C-D noted above.

## Related Policies and Procedures

[MMB Statewide Operating Policy 0105-01 Indirect Costs](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-1/0105-01-indirect-cost-policy.pdf) (<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-1/0105-01-indirect-cost-policy.pdf>)

[MMB Statewide Operating Policy 0301-01 Establishing Budgets](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0301-01-establishing-budgets-policy.pdf) (<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0301-01-establishing-budgets-policy.pdf>)

[MMB Statewide Operating Procedure 0303-01.1 Federal Funds Review](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0303-01-01-federal-funds-review-procedure.pdf) (<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0303-01-01-federal-funds-review-procedure.pdf>)

[MMB Statewide Operating Policy 0306-01 Legislative Advisory Commission \(LAC\) Approval](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0306-01-lac-approval-policy.pdf) (<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0306-01-lac-approval-policy.pdf>)

[MMB Statewide Procedure 0306-01.1 Legislative Advisory Commission \(LAC\) Approval](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0306-01-01-lac-approval-procedure.pdf) (<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-3/0306-01-01-lac-approval-procedure.pdf>)