

Minnesota Department of Administration Office of Grants Management

Operating Policy and Procedure

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Revised 8/29/14, 9/15/17, 6/30/20, 11/24/20

Policy Number: 08-04

Policy on the Use of Grant Contract Agreements and Grant Award Notification

[Minn. Stat. §16B.97](#)

[Minn. Stat. §16B.98](#)

[Minn. Stat. §16A.15](#)

[Minn. Stat. §325L.07](#)

Minn. Stat. §16B.97 Subd. 4(a)(1) provides that the Commissioner of Administration shall “create general grants management policies and procedures that are applicable to all executive agencies.” Minnesota state agencies must use a written grant contract agreement or grant application with a corresponding grant award notification for all grants made by the agency. Grant contract agreements and grant applications with a corresponding grant award notification must:

- Conform to Minn. Stat. §16B.98 Subd. 5 “Creation and Validity of Grant Agreements.”
- Cite the agency’s statutory authority to make grants and the authority for the grant program.
- Specify the scope and timeline for the work, the grantee’s duties in carrying out the grant and information about how grant payments will be made.
- Contain standard contract language and assurances, including but not limited to clauses regarding liability, data practices and intellectual property, contracting and bidding requirements that include use of targeted vendors, Worker’s Compensation, and provisions concerning federal funds.
- Incorporate requirements such as work plan, budget into the grant contract agreement or grant award notification by reference so that a grantee can easily locate and understand the information.
- Contain the name and phone number of the state and grantee’s Authorized Representative and project manager, if appropriate.

Any changes made to the terms of the grant contract agreement and grant award notification must be made via a fully executed amendment or other legally approved method.

Scope of Coverage

This policy applies to grant-making at all executive branch agencies, boards, committees, councils, authorities and task forces that make grants. This policy applies to competitive, legislatively named, formula, single and sole source grants. This policy does not apply to grant programs that have been provided a statutory exemption to the contract procedures of the Commissioner of Administration or Minnesota Statute Chapters 16A, 16B, or 16C. This policy supersedes other state agency policies that concern grant contract agreements except when the existing state agency policy is stricter. Grant programs that seek an exception to this policy must complete a Grants Policy Exception Request and submit it to the Office of Grants Management for the approval of the Commissioner of Administration.

Definitions

Grant Contract Agreement:

A grant contract agreement is 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 Award Notification:

For the purposes of this policy, this refers to the state agency's official notice of a grant award that takes place after the corresponding grant application process has been completed. The grant award notification is issued as a result of the following:

- Grant application materials include the standard grant contract language and assurances.
- Applicants accept the terms and conditions of the grant funds based on their signature and submission of application materials.
- State agency completes the grant application review process.

The grant award notification incorporates the approved application materials, including the assurances accepted by the grant applicant, and officially notifies grantees that they may begin work on the grant. Signature steps are conducted in an order that results in an expedited process with a legally binding agreement.

Grant:

For the purposes of this policy, "grant" refers to the transfer of cash or something of value to a recipient to support a public purpose authorized by law.

Formula Grant:

For the purposes of this policy, a formula grant refers to:

- Allocations of money to States or their subdivisions in accordance with distribution formulas prescribed by law or administrative regulation, for activities of a continuing nature not confined to a specific project.
- Noncompetitive awards based on a predetermined formula awarded to eligible entities or individuals based on an allocation determined by a program's authorizing legislation or administrative regulation.

Formula grants are typically based on entitlements or reimbursement of specified costs.

Procedures

1. The grantee is selected through a process identified by the state grant-making agency or by the legislature.
2. The state grant-making agency can choose to execute a grant contract agreement or choose to implement a grant application with a corresponding grant award notification process.
3. The steps a state grant-making agency can take to implement a grant application with a corresponding grant award notification are as follows:
 - Prepare the grant application materials and include the standard grant contract language and assurances.
 - The grant applicant's signature and submission of the grant application to the granting agency accepts the assurances, terms, and conditions of the grant.
 - After the state agency completes the grant application review process that results in grant award decisions, the official grant award notification is prepared, signed, and issued by the state agency to the grantee.
 - Since the grant award notification incorporates the approved application materials, including the assurances accepted by the grant applicant, the result is a legally binding agreement.
4. Grant funds must be encumbered prior to the execution of the grant contract agreement or grant award notification.
 - State agencies can choose to apply *any of the existing encumbrance exceptions* which include formula grants to local units of government per [Policy 21-01](#)
5. The grant contract agreement must be signed by the parties. A grant contract agreement's effective date is the date that both the state and grantee authorized representative(s) have signed the agreement.
6. The grant award notification effective date is the date all internal state agency signatures have signed the award notice document.
7. Agencies are encouraged to conserve resources and streamline the process by utilizing electronic signatures and electronic documents as referenced in [Minn. Stat. §325L.07](#): Legal Recognition of Electronic Records, Electronic Signatures, and Electronic Contracts
 - Templates for grant contract agreements can be found at the Minnesota Department of Administration website at [Grants Management Policies, Statutes and Forms](#).
 - Templates for Grant Award Notices and corresponding Grant Application Materials can be found at the Minnesota Department of Administration website at [Grants Management Policies, Statutes and Forms](#)