



**MN Legacy Grant Administration Processes and Procedures as approved by the
Department of Administration for the 2025-2027 State Biennium**

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About Our Grant Administration Processes and Procedures

The Minnesota Humanities Center (MHC) must develop a written plan to issue grants that require MHC to create and adhere to grant policies that are similar to those established by the Commissioner of the State of Minnesota's Department of Administration (AKA Office of Grants Management) every two years at the start of a new state biennium cycle. In preparing this document, MHC staff reviewed all OGM policy statements 08-01 up to 08-13 and deemed effective April 1, 2024, and later.

01. REQUEST FOR PROPOSALS

MHC's policy is to include sufficient information in notices of competitive opportunities so potential applicants may make informed decisions about submitting a proposal. Essential elements of a notice of a grant opportunity or RFP, include:

- A description of the grant program(s).
- The state's goals and priorities in making the grants.
- Eligibility requirements for applicants.
- How the grant program serves targeted populations.
- A statement on whether a multi-organization collaboration is required, welcome, or not allowed, for this grant program(s).
- Deadlines and timelines for each step in the application and award process.
- The amount of money for distribution and how it will be allocated.
- Selection criteria and weight.
- Grant outcome expectations and reporting requirements.
- Detailed application formatting instructions or an application template.
- Requirements for in-kind or matching funds.
- The name and contact information for MHC.
- A statement about when information in their grant application becomes public data.

Proposals in response to an RFP must include at a minimum:

- A budget (see below) showing both income and expenses.
- Measurable outcomes.
- A plan for measuring and evaluating the results.
- Financial information and attestations to support pre-award risk assessment when required.

Eligibility

All applicants are eligible to apply unless excluded by state statute, suspended or debarred by the Department of Administration, or barred by MHC.

Budget

The request for proposals will clearly state any expenses that are ineligible for grant funding. Examples of ineligible expenses for Legacy funding include (but are not limited to): administrative expenses unrelated to the project, general operating costs, equipment purchases (except when necessary for the project), cash payment and out-of-state travel. MHC staff can refer to [MMB Guidance on Legacy Grant Fund Expenditures](#) and [2 CFR](#), as a guide for understanding allowable Legacy fund expenditures.

Submission Process

All proposals should be submitted online using MHC's online grants management system to ensure clear and consistent tracking of all components. The Grants Manager may accept a proposal by an alternative means if requiring the applicant to submit their application online creates a barrier for the applicant.

Legacy Funding Considerations from State of Minnesota

- Legacy funding must not serve as a substitute for traditional sources of funding.
- Legacy funded projects must align with the purpose outlined in the legislation.
- Travel and subsistence expenses incurred outside Minnesota are not allowable.
- The amount of staff compensation charged to Legacy funds for wages, salary, and benefits should be reflective of the staff workload on Legacy projects and activities.
- Proposals, when applicable, should give a clear understanding of what future costs may be incurred to maintain the benefits of the project being funded and who is likely to pay the ongoing costs and with what funds.
- To the extent practical, anticipated future costs for a project should be arranged for at the time of initial funding, either by providing funds to meet anticipated future costs or by clearly assigning responsibilities for these costs.
- See the [Legislative Guide: Principles for Use and Expected Outcomes of Funds from Dedicated Sales Taxes](#) for the desired outcomes for the Arts and Cultural Heritage Fund.
- All money from the Arts and Cultural Heritage Fund:
 - May be spent only for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage.
 - Must be for projects located in Minnesota.
 - May not be spent on activities unless they are related to, necessary for, or enacted by legislation for a specific appropriation; and

- Must not pay for expenses or other institutional overhead costs that are not related to or necessary to achieve the identified purpose of the grant.
 - Must not pay for out-of-state expenses, such as out-of-state travel and lodging and contractor expenses.
 - Ineligible expenses include but are not limited to:
 - Fundraising.
 - Taxes, except sales tax on goods and services and payroll taxes.
 - Lobbyists, political contributions.
 - Bad debts, overdue payment fees, finance charges, or contingency funds.
 - Parking or traffic violations; and
 - Transportation and travel expenses outside of the state of Minnesota.
 - MHC does not have the authority to grant waivers for expenses that state and/or federal guidelines have identified as ineligible.
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02. PUBLICIZING GRANT NOTICES

It is MHC's policy to publicize competitive grant opportunities as broadly as possible – including targeting communities and parts of the state that have not historically participated in the grant application process, culturally-specific and community-based organizations . MHC seeks to distribute grant funds in a fair and equitable manner. The following checklist identifies key outreach steps, stakeholders, and timelines for this element of the grant pre-award process.

Competitive opportunities will, at a minimum, be:

- Communicated to the State Ethnic Councils and State BIPOC partner organizations.
- Posted on MHC's website.
- Sent to the [MN Grants website](#) and [Minnesota Legacy website](#) for inclusion on their respective grant listings.

Legacy Funding Considerations from State of Minnesota

- Outreach efforts should seek to ensure that individuals and organizations throughout Minnesota, from all racial and ethnic communities, tribal nations, and parts of the state that have not historically participated in the grant application process, have an opportunity to apply and be awarded grants (as described in OGM Policy 08-03) to reach diverse communities and improve access to grant funding.
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03. PANEL SELECTION

Consistent with the goals, statutes, and guidance articulated by the legislature to provide grants across many varied communities, MHC will encourage and recruit people from racially and ethnically diverse populations. Review panelists will receive all necessary information about the grants process, including information on the RFP, purpose of the grant, applicable statute, Conflict of Interest, and MHC scoring criteria, to make informed decisions. MHC will provide a modest honorarium and travel stipend, where travel over 50 miles one-way is incurred, to recognize the time and talent of review panelists. Individuals may direct their honorarium and travel stipend to an organization upon notice and confirmation by MHC.

Legacy Funding Considerations from State of Minnesota

- For all competitive grants, the name and a brief description of the qualifications of all board members or members of an equivalent governing body ultimately responsible for awarding the grants, as well as any grant making advisory group, must be reported on the [Minnesota Legacy](#) website.
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04. CONFLICT-OF-INTEREST

MHC uses the State of Minnesota's definitions for Actual Conflict-of-Interest and Potential Conflict-of-Interest. (See Minnesota state grant Policy 08-01: Grants Conflict-of-Interest). MHC also follows MHC's Conflict of Interest Policy that applies to grant reviewers. This policy outlines the expectations for MHC's interested parties to act in good faith in the best interests of the organization. This policy also outlines how to disclose conflicts or perceived conflicts.

MHC works to deliberately avoid actual and potential conflicts-of-interest related to grantmaking and grant administration at both the individual and organizational levels. When a conflict-of-interest concerning state grantmaking exists, transparency shall be the guiding principle in addressing it.

Every grant reviewer for competitive grants processes shall be responsible for identifying where an actual or potential conflict-of-interest exists and for informing appropriate parties. All grant reviewers involved in the review of competitive grant applications must complete and sign a conflict-of-interest disclosure form for each competitive grant review in which they participate. A conflict-of-interest exists whenever a reviewer obtains financial benefit or is in a position to provide a family member with financial benefit. Conflict-of-Interest disclosure forms are sent to the grant reviewers along with a list of applicants for review. If a potential conflict-of-interest is identified by a reviewer, the application is assigned to a different reviewer, and the conflict-of-interest is reported to MHC's CEO.

Legacy Funding Considerations from State of Minnesota

- If a conflict-of-interest is determined, MHC must provide the Legislative Coordinating Commission with a contact person for additional information, and the Legislative Coordinating Commission must post this information on the [Minnesota Legacy](#) website.
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05. RATING CRITERIA

It is the policy of MHC to ensure fairness, precision, equity, and consistency in its competitive grant processes. All competitive grant processes shall be conducted using review criteria that are identified in the notice of said opportunity and a weighted scoring system to rate each proposal against the chosen criteria. Scoring criteria will include weighted criteria which identifies verifiable and measurable diversity, equity, and inclusion in grantmaking outcomes and/or grantee performance.

Competitive grant review processes shall be conducted using review criteria identified in the notice of grant opportunity or request for proposal and a standardized scoring system to rate each application against the chosen criteria.

This policy applies only to competitive processes. Legislatively named and single source grants are not subject to this policy.

Legacy Funding Considerations from State of Minnesota

- A project or program must be consistent with current scholarship, or best practices, and must incorporate state-of-the-art technology when appropriate.
- Funding from the Arts and Cultural Heritage Fund may be granted for an entire project or for part of a project so long as the recipient provides a description and cost for the entire project and can demonstrate that it has adequate resources to ensure that the entire project will be completed.
- The [Legislative Guide: Principles for Use and Expected Outcomes of Funds from Dedicated Sales Taxes](#) adopted March 24, 2010, provides a framework for funding priorities and outcomes of the Arts and Cultural Heritage Fund (ACHF)
- The following are some of the funding principles from this document: (see the framework for the complete list):
 - Investments in public broadcasting should expand Minnesotan's knowledge, information, and access to arts, and Minnesota's history and cultural heritage.
 - Investments in arts, history, music, and cultural activities that demonstrably help student achievement in schools.
 - Funds should be used in part to create a sustainable climate where artists can live and work.
 - Funded activities can be successful beyond the life of the ACHF.

- Art can describe several things: A study of creative skill, a process of using creative skill, a product of the creative skills, or the audience’s experience with the creative skill.
- Lifelong educational activities are meant to impart knowledge, teach a new creative skill, or further develop an existing skill in any arts discipline.
- Both tangible and intangible cultural heritage.
- Historic resources will be preserved for future generations.
- The following are the desired outcomes for the Arts and Cultural Heritage Fund (ACHF) as defined within the Legislative Guide noted above:
 - Arts, culture, and history will be interwoven into every facet of community life.
 - There will be an increase in the number of Minnesotans of all ages, ethnicities, abilities, and incomes who participate in the arts, culture, and history.
 - People will trust Minnesota’s stewardship of public arts, culture, and history funding.
 - Arts, culture, and history will thrive in Minnesota.
 - Increased student exposure to professional performing arts, and the work of professional artists.
 - Increased number of K-12 students who can affordably learn to read music and play a musical instrument, participate in dance, choral, drama and other performing arts for which financial barrier can limit access to this educational experience.
 - Increase in the number of visual and literary artists in Minnesota who report that they earn over half of their income from their art.
 - Increase in the locally focused content and Minnesota focused content produced by public television and radio, and an increase in the number of local artists, historians, writers, and others that have their work highlighted through public broadcasting.
 - Increased focus on Minnesota artists in Minnesota museums and literary performances.
 - Increased knowledge and awareness of the way that history affects people’s lives and how that knowledge and awareness of the way that history affects people’s lives and how that knowledge can help people make informed decisions for the future.

06. REVIEW OF PROPOSALS

It is MHC’s policy to ensure a fair and equitable review of proposals by using review panels when directed by the Legislature to conduct a competitive grant process. MHC will review proposals against eligibility criteria and Financial Review guidelines as noted in Section 07. MHC ensures proposals meet minimum eligibility requirements before they are sent to review panels for funding consideration. MHC reviews each proposal to ensure it fully responds to the request, answers all required questions, and includes all required attachments. MHC may follow

up with applicants for additional information as needed. Any additional information prepared by MHC and submitted with the proposal must: clearly show it is an addendum to the original proposal, include the team member's name and title, and note the details of how the information was collected (date, individual(s) providing additional information, contact method.).

When applicable, MHC will verify each organization is:

- Registered with the Minnesota State Attorney General.

These elements of the review process are completed before proposals are sent to the review panel.

MHC ensures the grant review panelists have reviewed and signed a Conflict-of-Interest form for each grant panel they participate in before they receive any proposal materials. MHC creates a scoring sheet that facilitates the scoring process, and this scoring sheet is used by all reviewers. Reviewers submit scoring sheets to MHC who will compile an initial scoring summary for dissemination in a review panel meeting (may take place in-person or virtually). Panel recommendations are used by MHC Leadership (CEO and/or the Board of Directors) to make final decisions.

Legacy Funding Considerations from State of Minnesota

- Priority should be given to investments in arts, history, music, and cultural activities to demonstrably help student achievement in schools.
 - Funds for long-term activities should be allocated strategically so that the activity or organization funded can be successful beyond the life of the Arts and Cultural Heritage Fund.
 - Funding for arts education should include lifelong educational activities meant to impart knowledge, teaching a new creative skill, or further developing an existing skill in any arts discipline.
 - Funding for preservation of our cultural heritage should involve funding of both tangible and intangible cultural heritage.
 - In addition to public schools, community education, local arts councils, museums, and libraries should be recognized as venues for providing arts and culture experiences.
 - New and emerging organizations and venues should be considered for funding, to develop organizational capacity.
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07. FINANCIAL REVIEW OF NONGOVERNMENTAL ORGANIZATIONS

The Minnesota Humanities Center seeks to make grants to applicants that are financially stable enough to conduct the purpose of the grant. It is MHC's policy that before awarding a grant of over \$50,000 to an applicant, staff will complete a pre-award assessment to assess the risk that the applicant is not able to perform the required duties specified in the grant contract agreement. In making this assessment, MHC must consider the following as applicable:

- i. The applicant's history of performing duties similar to those required by the grant;
- ii. Whether the grant requires the applicant to perform services at a significantly increased scale, and, if so, whether the grantee has the capability and organizational capacity to do so (has the skills, knowledge, resources, processes, leadership). MHC may require additional information and may provide enhanced oversight for grantees that have not previously received state or federal grants and have not yet demonstrated the ability to perform the duties required under the grant at the scale required;
- iii. Review the applicant's recent financial statement. MHC may require applicants to show additional information regarding internal controls based on OGM Policy 08-06 and additional resource documents on OGM website Documents will be requested of all applicants as referenced in the grant request for proposal.

Financial Documentation Required

- If income is less than \$50,000 or applicants have not been in existence long enough to have a completed IRS Form 990:
 - Most recent board-reviewed financial statements
- \$50,000 or more and less than \$750,000:
 - Most recent IRS Form 990
- Over \$750,000:
 - Most recent certified financial audit

At a minimum, staff should determine whether the grant applicant has a significant operating deficit or a deficit in unrestricted assets. Items of significant concern must be discussed with the applicant and resolved before a grant is awarded. Staff may determine that there are understandable reasons for the situation or learn that the situation has improved and award the grant. Staff should document which financial document(s) was reviewed and their rationale for awarding the grant. Any potential risk related to findings from the financial review should be mitigated through the terms of the grant contract agreement.

Upon review of the financial document submitted, MHC determines whether the grant applicant has a significant operating deficit or a deficit in unrestricted assets. Items of significant concern are discussed with the applicant and resolved before a proposal is forwarded to the

community review panel. MHC may determine if there are understandable reasons for the situation or learn the situation has improved and forward the proposal to the community review panel. MHC documents which financial document(s) were reviewed and the rationale for forwarding to the review panel. MHC builds effective grant support through additional requirements in the pre-award negotiation process, the grant contract agreement, ongoing monitoring, and grantee technical assistance to address concerns identified in the financial document review process.

If the applicant does not have a history of performing similar duties, does not demonstrate the capability and capacity to perform the duties at the scale and pace required in the grant, or the results of the financial information review raise concern, then MHC may:

- Require additional information to determine whether there is a substantial risk that the potential applicant cannot or would not perform the required duties of the grant contract agreement; and
- Create a risk mitigation plan in response to the substantial risks that may include technical assistance and increased oversight; or
- Not award the grant.

Technical assistance will be provided through resources and referral to build grantee capacity.

MHC must ensure compliance with certain other state and federal requirements, including but not limited to:

- a) Evidence of good standing with the Minnesota Secretary of State as required by Minnesota Statutes, chapter §317A or other applicable law.
- b) Additional information as required by other applicable federal or state laws.

An applicant must certify that none of its current principals have been convicted of a felony financial crime in the past 10 years. Principal is defined as a public official, board member, or staff with authority to access grant funds or determine how funds are used.

Direct Appropriations or legislatively named grants are subject to this policy. In the cases of direct appropriations or legislatively named grants where risk mitigation concern is not resolved, MHC must delay the award until adjournment of the next regular or special legislative session for action by the legislature. The legislature may reaffirm the award of the grant or, if not awarded, reappropriate the funds to a different legislatively named grantee.

08. NOTIFICATION

Individuals and/or organizations who submitted a proposal will not be notified until the panel's recommendation has been accepted internally as designated in the process (CEO or designee, Leadership Team, or Board of Directors).

It is MHC's practice to first notify individuals and/or organizations that have been selected and give them the opportunity to accept or decline. Program staff may make this notification via a phone call or email, and an official grant award notification letter from an authorized representative of MHC. When the list of recipients who have been accepted is finalized, individuals and/or organizations that were not selected will be notified.

Grant Award Notification

It is the policy of MHC that 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.
- MHC 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.
- The grantee has clearly posted on the grantee's website the names of, and contact information for, the organization's leadership and the employee or other person who directly manages and oversees the grant for the grantee "Contact Information" means a telephone number, an email address, or a business address. "Leadership" means the grantee's top administrative person, such as an Executive Director, President, or CEO. MHC will check grantee compliance prior to the before the first payment is issued.
- No grant award notification can be entered into with a vendor or grantee that is suspended or debarred from doing business with the State of Minnesota or the federal government. MHC does not allow subawards; any exceptions must receive prior written approval from MHC. In cases where subrecipients are permitted, grantees must disclose all intended subrecipients to MHC and certify that no grant funds will be passed to any organization suspended or debarred from doing business with the State of Minnesota or the federal government.
- The grant award notification must be kept on file at MHC for a minimum of six years from the project start date.

09. USE OF GRANT CONTRACT AGREEMENTS

MHC uses written grant contract agreements for all financial grants, including those legislatively named. Grant contract agreements must include (but are not limited to):

- 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.
- Contain a provision for the grantee to clearly post on the grantee’s website the names of, and contact information for, the grantee organization’s leadership and employee or other person(s) who directly oversees the grant for the grantee. If a grantee does not have a website, then the requirement does not apply. “Contact Information” means a telephone number, an email address, or a business address. “Leadership” means the grantee’s top administrative person, such as an Executive Director, President, or CEO. MHC will check grantee compliance before the first payment is issued.

Before grant contract agreements are forwarded to the Grantee, staff will:

- Incorporate work plan and budget,
- Ensure all computations are accurate, and
- Ensure every blank or highlighted area in the agreement is filled in.

MHC’s CEO or representative must execute grant contract agreements of each entity involved. A fully executed copy of the grant contract agreement with all attachments and amendments (when applicable) must be kept on file at MHC for a minimum of six years from the contract start date, as designated in the document retention policy.

Electronic signatures will be accepted as referenced in Minn. Stat. §325L.07

Grant contract agreements will specify the date when grantees can begin incurring eligible expenses based on MHC’s award notification. The grant contract agreement is fully completed

when signed by MHC's CEO or authorized representative and the grantee's authorized representative.

An exception may be made for legislatively named grantees, in which they can incur eligible expenses starting on the date the legislatively named grantee submits a workplan and budget to MHC, and MHC acknowledges the receipt and communicates approval of the agreed upon work plan and budget with the grantee for up to 60 days prior to an encumbrance being established and full execution of the grant contract agreement.

Grant contract agreements for state agencies may require modifications to ensure compliance with state law. MHC may need additional time allotted for review.

MHC must not award a grant to a vendor or grantee that is suspended or debarred from doing business with the State of Minnesota or with the federal government. [Suspended/Debarred Vendor List](#)

10. SINGLE SOURCE GRANTS

MHC's policy is that grants, programs, and public recognition be competitive when possible. Should programmatic or funding reasons exist for narrowing an application/nomination pool or making a single source award, staff will document the decision-making process. If MHC determines there is only one entity reasonably able and available to meet the intended purpose and objectives of a grant, a Single Source Grant Justification Form must be completed and approved through the three-step approval process prior to encumbrance.

The Justification Form must describe: 1) the purpose of the grant; 2) why it is necessary to award the grant in a noncompetitive manner; 3) how the grant amount was determined and that it is reasonable to meet the intended purpose of the grant; and 4) what steps were taken to search and validate there is only one entity reasonably able and available to perform the grant activities.

MHC seeks to have all grants approved through a three-step approval process. All Single Source Grant Justifications must be approved through this process, which includes: 1) review and approval by MHC's Grants Manager, 2) review and approval of the grant and financials by MHC's COO, and 3) review and approved by MHC's CEO, via signature of the grant agreement (via Docusign). Each approver will be separate and independent of the preparer and other approvers. All Justification Forms and relevant search documentation must be retained in accordance with applicable record retention schedules.

II. GRANT PAYMENTS

MHC issues grant payments in a manner that supports the successful completion of activities outlined in the approved grant proposal. Grant payments are made as reimbursement for expenses incurred or as advance payment of costs associated with a grant before the grantee has incurred the expense. Documentation to support and justify issuing advance payments will be kept in the grant file. To address and mitigate risk, advance payments will not be made to grantees whose pre-award financial review demonstrated strong concerns, have a history of late reporting or poor past performance, and/or any outstanding concerns. The payment method (including required documentation and/or reporting) must be specified in the grant contract agreement.

Grant funds cannot be issued until MHC has received funding and the grant contract agreement is fully executed.

Grant payments will not be made to a grantee with past due progress and/or final reports unless MHC has given the grantee a written extension. Minnesota Humanities Center staff will complete review in a timely manner to avoid negatively impacting grantees.

For grants of any amount, ten percent (10%) of the total award is held until all reporting requirements are met and the financial reconciliation and monitoring visit has been completed (if required). Any variation from this policy should be documented in the grantee's file.

Reimbursement Payments

Reimbursement is the preferred method. Grantees receiving reimbursement payments must report the following information through MHC's grantmaking database system for payment, following a payment process outlined in the grant contract agreement.

1. Date and amount of Actual expenses.
2. Transaction report showing where expenses were incurred during the reporting period.
 - a. Detailed report if grant is over \$10,000.
 - b. Summary report if grant under \$10,000.

Interim project narrative report(s) may also be required and tied to reimbursement requests. If required, payments will not be made until staff have reviewed and approved each report. Grants Administrators review each request for reimbursement against the approved grant budget, grant expenditures to date, latest grant progress report, and update tracking systems including MHC's grants management database system records, before issuing payment. Report review should be completed in a timely manner to avoid negatively impacting grantees.

Grants over \$50,000 require at least one financial reconciliation and one annual monitoring visit (virtual or in-person) during the grant period. Grants over \$250,000 require two financial reconciliations and

two annual monitoring visits during the grant period. Financial reconciliation in these circumstances is required for one payment made to the grantee during the grant period.

Advance Payments

Advance payments are allowed if MHC staff are confident that the grantee will be able to account for the grant funds and abide by the terms of the grant contract agreement, based on factors such as their past performance as a grantee and the evaluation of their recent financial statements. Factors used to make this decision, and the review process should be documented in the grantee file. To address and mitigate risk, advance payments will not be made to grantees whose pre-award financial review demonstrated strong concerns, have a history of late reporting or poor past performance, and/or any outstanding concerns. Grantees receiving advance payments should submit payment requests following a process outlined in the grant contract agreement.

- For an approved advance payment for a grant under \$10,000, the Minnesota Humanities Center will allow a max of up to 75% advance.
- For an approved advance payment for a grant equal to or under \$50,000, the Minnesota Humanities Center will allow a max of up to 50% advance.
- For an approved advance payment for a grant over \$50,000, the Minnesota Humanities Center will allow a max of 25% advance.

After the initial advance payment, grantees receiving payments must report at least 90% of funds distributed to the date before the next advance payment can be issued. Subsequent advance payments are decided by the MHC and based off Grantee progress and documentation. When requesting payment, the grantee should include the following information through MHC's grantmaking database system for payment following a process outlined in the grant contract agreement.

1. Date and amount of Actual expenses.
2. Transaction report showing where expenses were or will be incurred during the reporting period.
 - a. Detailed report if grant is over \$10,000.
 - b. Summary report if grant under \$10,000.

Grants over \$50,000 require one financial reconciliation and one annual monitoring visit (virtual or in-person) during the grant period. Grants over \$250,000 require two financial reconciliations and two annual monitoring visits during the grant period. Financial reconciliation in these circumstances is required for all payments made to the grantee during the grant period.

Interim project narrative report(s) may also be required and tied to advance requests.

Requests for grant payments must be approved by the Grants Manager and Chief Operating Officer.

Legacy Funding Considerations from State of Minnesota

- The preferred payment method for grants is reimbursement.
- Grants issued as advance payments may require two monitoring/reconciliation visits. One monitoring visit must take place during the grant term.

12. GRANT PROGRESS REPORTS

Grantees are required to submit written progress reports during the grant period. MHC staff shall determine the report format and content requirements that best meet their needs in evaluating progress and outcomes of the grant program. Report requirements and timeline will be included in the grant contract agreement. Reports will be reviewed against the approved program plan and budget before approving payments. Grant payments will not be made on grants with past due progress and/or final reports unless MHC has given the grantee a written extension. MHC staff will complete reviews in a timely manner to avoid negatively impacting grantees.

Legacy Funding Considerations from State of Minnesota

- MHC staff will update project information for all grantees on the Legacy website by January 15 of each year, or as soon as applicable, whichever comes first.
- Grant reports funded with Legacy dollars should be based upon requirements outlined in [Minn. Stat. § 129D.17 Subd. 2](#) and [Minn. Stat § 3.303 Subd.10](#) and guidelines provided by the Legislative Coordinating Commission. Grant reports should include:
 - The name of the project(s) and project(s) description.
 - The name, telephone number, members of the board or equivalent governing body, and e- mail address of the funding recipient and, when applicable, the Web site address where the public can directly access detailed information on the recipient’s receipt and use of money for the project(s).
 - The amount and source of funding, including the fiscal year of the appropriation.
 - The amount and source of any additional funding leveraged.
 - The duration of the project(s).
 - The number of full-time equivalents funded under the project(s).
 - The direct expenses and administration costs of the project(s).
 - Actual measured outcomes and evaluation of project(s) as required by statute; and
 - Specific information for each program produced and broadcast, including the cost of production, the number of stations broadcasting the program, estimated number of listeners, and other related measures. If the programs produced

include educational material, the noncommercial radio station must report on these efforts.

This policy applies to all Legacy-funded MHC grants.

13. GRANT MONITORING

MHC conducts the following grant monitoring visits:

- Grants over \$50,000 require one reconciliation and one annual monitoring visit (virtual or in-person) during the grant period.
- All grants over \$250,000 require two reconciliations and two annual monitoring visits (virtual or in-person) during the grant period.

Monitoring visits includes financial reconciliation and a programmatic component to view and discuss activities and work outlined in the approved scope of work. Staff will review all pertinent grantee reporting before conducting monitoring.

Staff must give grantees notice before conducting the monitoring visit, advise grantees on how to prepare, identify grantee staff members that should be present, and allow adequate preparation time. Following a monitoring visit, staff must provide the grantee with a Monitoring Visit Summary and final grant close out report. Documentation from monitoring and financial reconciliation visits must be kept in the grant file.

This policy applies to all Legacy-funded MHC grants.

Legacy Funding Considerations from State of Minnesota

- All projects funded by Legacy must publicly credit the fund, including on the grantee's website when practicable. Minnesota's Legacy website details the publicity and logo guidelines.
- Grant monitoring visits should help to ensure grantees are efficient and appropriate in their use of Legacy dollars.
- Legacy fund recipients are responsible for developing and maintaining adequate documentation of their Legacy fund expenditures. Documentation should be sufficient to show that the need and reasonableness and consistent use criteria have been met. At a minimum, grantees should be prepared to demonstrate to an outside party that they have a logical system in place for determining Legacy
- fund expenditures, and that the system has been consistently applied within the organization.
- Legacy fund expenditures should be clearly allocable to the program.

14. LEGISLATIVELY MANDATED GRANTS

It is the policy of MHC to manage legislatively mandated grants with the same level of oversight applied to other grants, while respecting and maintaining the legislative intent. Grantee organizations that are named in legislation must submit a grant workplan and budget, and these documents must be approved by MHC staff before a grant is made. Legislatively mandated grants shall be monitored using the same standards applied to competitively made grants.

15. GRANT AMENDMENTS AND REVISIONS

Because fully executed grant contract agreements and grant contract agreement amendments are legally binding documents for enforcing the terms of a grant, it is the policy of MHC to document changes to a grant contract agreement using a fully executed grant contract amendment signed by the Authorized Representative of the grantee and MHC's CEO (or authorized representative). Grant contract agreements may be amended only when the grantee duties are within the scope of the original request for proposal or notice of grant opportunity.

Grant contract agreements must be amended whenever there are changes to the total obligation, compensation, or the expiration date.

Grant contract agreement attachments and exhibits may also be revised as part of a grant amendment.

Grantees shall obtain prior approval from MHC for all budget and programmatic revisions. A budget revision is required when the Grantee anticipates that budget line-item expenditures (e.g., salaries, contracted services) will exceed the variance outlined in the grant contract agreement (usually ten percent) for each budget line item as specified in the most recent approved budget.

16. EVALUATING GRANTEE PERFORMANCE

It is the policy of MHC to consider a grant applicant's past performance before awarding subsequent grant awards to them. MHC's Grants staff will review and assess an applicant's past performance during the initial eligibility review process using MHC's Risky Grantee list and assessing past performance throughout the applicants grant term. Past performance includes but is not limited to:

- Description and purpose of the grant and proposed grant outcomes.
- Description of actual grant outcomes.
- If applicable, additional conditions specified in the grant contract agreement as a result of the pre-award risk assessment process.

- Compliance with Interim and Final reporting requirements.
- Monitoring Visit and financial reconciliation results and summary report,
- Any misuse of funds.
- Any unresolved issues or concerns, or if the grant was terminated for cause.
- MHC staff's satisfaction with the grantee's timeliness and overall performance.

This policy applies to all Legacy-funded MHC grants.

17. REFERENCE DOCUMENTS

- [State of Minnesota Grants Management Policies, Minnesota Department of Administration, Office of Grants Management](#)
- [Legislative Guide: "Principles for Use and Expected Outcomes of Funds from Dedicated Sales Taxes" adopted March 24, 2010](#)
- [Grant Guidelines: Arts and Cultural Heritage Funds, Minnesota Department of Administration](#)
- [MMB Guidance to Agencies on Legacy Fund Expenditure](#)
- [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)
- [State of Minnesota Suspended/Debarred Vendor List](#)