

4370.0060 AGREEMENTS AND RECORDS.

Subpart 1. **Grant agreement required.** A grant agreement must be established with each regional organization approved for funding by the commissioner. The agreement must be signed by a person authorized to commit the regional organization to legally binding agreements and to execute the agreement.

Subp. 2. **Contents of grant agreement.** The grant agreement must include but is not limited to the following:

A. Assurance that the regional organization has or will establish a commissioner certified revolving loan fund to provide loans to new and expanding businesses in their funding region to promote economic development.

B. Assurance that the grant recipient will comply with all applicable state and federal laws, including the requirements of Minnesota Statutes, section 116J.415.

C. No challenge grant funds shall be used to finance activities not approved in either the grant agreement or each loan agreement. If it is determined that an improper use of funds has occurred, the commissioner will take whatever action is necessary to recover improperly spent funds. Grant recipients must return funds that are improperly expended.

D. The commissioner shall suspend payment of funds to recipients that are not in compliance with applicable state and federal laws, rules, and regulations.

E. Amendments to the grant agreement must be in writing.

Subp. 3. **Record keeping.** The following record keeping requirements are established:

A. Challenge grant recipients shall maintain financial records that identify the source and application of funds for challenge grant supported activities. These records must contain information about approved loans, obligations, unobligated balances, assets, liabilities, outlays and interest income, use of interest income, and other information as required by the commissioner to fulfill its responsibilities. Financial records, supporting documents, statistical records, and all other records pertinent to the challenge grant program must be retained by the regional organization for one year after the grant program expires and records of each loan for one year from the final repayment. No records or documents may be disposed of while audits, claims, or litigation involving the records are in progress.

B. Challenge grant recipients must arrange and pay for an independent annual audit and submit a copy of the annual audit to the commissioner.

C. By February 15 of each year, an annual report must be submitted to the commissioner. The annual report must include a description of projects supported by the challenge grant program, an account of loans made during the calendar year, the source and amount of loans made during the year, the source and amount of money collected and

distributed by the challenge grant program, the program's assets and liabilities, and an explanation of administrative expenses.

The annual report will be used as a basis for reviewing the utilization of challenge grants awarded by the commissioner. Grant agreements will make provisions for reallocation in the event that the regional organization fails to perform its duties.

D. Representatives of the commissioner and the legislative auditor shall have access to all books, records, accounts, reports, files and other papers, things, or property belonging to the regional organization which are related to the administration of the challenge grant program.

Statutory Authority: *MS s 116N.08*

History: *13 SR 130; L 1996 c 369 s 12*

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