

Natural Resources Block Grants

Program Information

The Natural Resources Block Grant (NRBG) is a composite of grants available to Minnesota Counties to implement programs designed to protect and improve water resources. Individual programs under the NRBG currently include:

- Comprehensive Local Water Management (LWM)
- Wetland Conservation Act (WCA)
- Shoreland Management (Shoreland)
- Minnesota Pollution Control Agency (MPCA) - Subsurface Sewage Treatment System (SSTS) Program

To be eligible for the NRBG, a county must have a locally adopted and Board of Water and Soil Resources (BWSR) approved comprehensive local water management plan. Grant recipients are required to follow the BWSR Grants Administration Manual which establishes the administrative and programmatic requirements for all grants administered through BWSR.

Implementation

The three core programs of the NRBG - LWM, WCA, and Shoreland – are funded through the state’s general fund in an annual appropriation to BWSR. The SSTS portion of the NRBG is funded through an interagency agreement between the MPCA and BWSR and may include one or more SSTS programs in a given year.

Work Planning

Work plans are currently not required for any of the NRBG programs. Work plans required in the 1990s were replaced by an *Allocation and Contribution Statement*, which was signed by multiple county departments to document program support, in the 2000s. In 2014, the Biennial Budget Request (BBR) replaced the *Allocation and Contribution Statement*. The BBR provides statewide data regarding local contributions to these programs and has been a valuable resource in supporting the state budget processes.

The NRBG consists of three core programs: Local Water Management, Wetland Conservation Act, and Shoreland Management. Other programs, such as MPCA SSTS grants may also be included in the NRBG.

Grant Agreements

For the fiscal years 2018 and 2019, appropriation language allowed BWSR to use a biennial grant agreement to reduce processing and speed payment in the second year of the state biennium. Counties should look for fiscal year 2019 grant payments in late summer 2018.

Flexible Spending

A flexible spending policy has been in place for the three core programs of the NRBG since 2010. This policy allows counties to spend grant funds and find match funds flexibly between the LWM, WCA, and Shoreland portions of the grant. The policy itself as well as guidance on implementation can be found on the [NRBG](#) page of the BWSR website.

Annual Grant Reporting

All BWSR grants include an annual reporting requirement. For NRBG programs, this includes an update in eLINK (BWSR's Grant Management System) to grant and match expenditures and actual results/summary of activities completed. Specific grant reporting requirements and guidance for using eLINK can be found on the [Grant Reporting](#) page of the BWSR website. Additionally:

- **Shoreland.** A program report is required to be submitted annually to the Minnesota Department of Natural Resources (DNR). This program report covers local implementation of the state's Shoreland Management Program more broadly than the NRBG grant report. Recent changes to the timing and process means the program report no longer needs to be attached in eLINK. Questions about this report should be directed to Kathy Metzker at DNR (kathleen.metzker@state.mn.us).
- **WCA.** Much the same as Shoreland, a separate WCA program report is required to be submitted outside eLINK that also does not need to be attached in the eLINK report. Questions about this report should be directed to your BWSR [Wetland Specialist](#).

SSTS grants may have additional reporting requirements depending on a given year. Questions about SSTS reporting can be directed to Aaron Jensen at MPCA (aaron.s.jensen@state.mn.us). Grantees should always read program communications carefully and talk to your BWSR [Board Conservationist](#) with questions.

Grant Monitoring

NRBG grants are monitored at least annual to review and ensure grant progress is being made and to provide opportunity to address any problems or issues before the end of the grant period. A subset of grant monitoring is financial reconciliation, which compares reported grant expenditures against supporting documentation. Monitoring and financial reconciliation are a part of ensuring accountability and transparency with the use of state funds, and are requirements of the Minnesota Department of Administration's Office of Grants Management (OGM) for all applicable state grants.

The state appropriation for fiscal years 2018 and 2019 included language exempting the three core NRBG grants from two OGM policies. This exemption means BWSR will not financially reconcile the fiscal year 2018 and 2019 LWM, Shoreland, or WCA NRBG grant. The exemption did not apply to previous NRBG grants or SSTS funds passed through from MPCA. Therefore, BWSR will financially reconcile individual NRBG grants that are \geq \$50,000 and not covered under the exemption, and may consider reconciling any grant where issues of noncompliance are suspected.

Verification

In the recent past, BWSR had implemented a systematic procedure for reviewing grants called verification. This procedure incorporated elements of monitoring and financial reconciliation with a comprehensive investigation of local program records. While this procedure was valuable for discovering areas of improvement in grant management, going forward verification procedures will only be used if noncompliance is identified.

Record Keeping

Regardless of whether a grant will be financial reconciled or not, grantees are obligated to maintain sufficient books, records, documents, and accounting procedures to demonstrate compliance with the grant agreement. This includes maintaining documentation of receipt and expenditure of funds, and sufficient information to account for staff time charged to NRBG grants. As per the grant agreement and Minnesota Statutes §16B.98, the state reserves the right to audit all grant-related records for up to six years after the grant agreement expires as a condition of the grant agreement and state statute.

Transitions

BWSR is committed to maintaining the NRBG program for counties as long as state appropriations are available. However, the statewide transition to Comprehensive Watershed Management Planning (One Watershed, One Plan), may indirectly impact this program. Specifically, as more counties shift from county-based (county water plans) to watershed-based planning (One Watershed, One Plan), the eligibility requirement for NRBG will need to be revised to recognize and minimize impact of this transition. Additionally, the BBR process may also change as part of this transition.