**16A.15-16C.05 Form**
(Based on Minnesota Statutes Sections 16A.15 and 16C.05)

Department of __________________________ Division of __________________________

SWIFT Contract # __________________________ Vendor Name __________________________

Submit two copies when processing the contract.

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**I. NO OBLIGATION INCURRED PRIOR TO ENCUMBRANCE OR CONTRACT EXECUTION**
(Minn. Stat. §§ 16A.15, subd. 3 and 16C.05, subd. 2)*

I certify that work has not started as of __________ and **will not begin until this contract is fully executed.**

Person Responsible: __________________________ Date: __________

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**II. OBLIGATION INCURRED PRIOR TO ENCUMBRANCE** (Minn. Stat. § 16A.15, subd. 3)*

Total Contract Amount $ ________________ Obligation Date ________________ (when work started)

Reason why obligation was incurred before contract was encumbered:

What corrective action will be taken to prevent the problem from happening in the future?

_________________________ Date: ____________ ___________________________ Date: ____________
Person Responsible Agency Head or Delegate

Agency Accounting Director Date: ____________

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**III. OBLIGATION INCURRED PRIOR TO CONTRACT EXECUTION** (Minn. Stat. § 16C.05, subd. 2)*

Work on this contract started as of ________________.

Reason why contract was not fully executed prior to begin date:

What corrective action will be taken to prevent the problem from happening in the future?

_________________________ Date: __________________________
Person Responsible

Agency Head or Delegate Date: ____________

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* See next page for text of Minn. Stat. § 16A.15, subd. 3 and Minn. Stat. § 16C.05, subd. 2
Minnesota Statutes Section 16A.15, subdivision 3 (emphasis added)

**Allotment and encumbrance**

(a) A payment may not be made without prior obligation. An obligation may not be incurred against any fund, allotment, or appropriation unless the commissioner [of finance] has certified a sufficient unencumbered balance or the accounting system shows sufficient allotment or encumbrance balance in the fund, allotment, or appropriation to meet it. . . . An expenditure or obligation authorized or incurred in violation of this chapter is invalid and ineligible for payment until made valid. A payment made in violation of this chapter is illegal. An employee authorizing or making the payment, or taking part in it, and a person receiving any part of the payment, are jointly and severally liable to the state for the amount paid or received. If an employee knowingly incurs an obligation or authorizes or makes an expenditure in violation of this chapter or takes part in the violation, the violation is just cause for the employee’s removal by the appointing authority or by the governor if an appointing authority other than the governor fails to do so. A claim presented against an appropriation without prior allotment or encumbrance may be made valid on investment, review, and approval by the commissioner [of finance], if the services, materials, or supplies to be paid for were actually furnished in good faith without collusion and without intent to defraud.

Minnesota Statutes Section 16C.05, subdivision 2 (emphasis added)

**Creation and validity of contracts**

(a) A contract is not valid and the state is not bound by it and no agency, without the prior written approval of the commissioner granted pursuant to subdivision 2a, may authorize work to begin on it unless:

1. it has first been executed by the head of the agency or a delegate who is a party to the contract;
2. it has been approved by the commissioner [of administration]; and
3. the accounting system shows an encumbrance for the amount of the contract liability.

(b) the combined contract and amendments must not exceed five years, unless otherwise provided by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.