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# Grant Award Processes

Project Description

August 2023

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## BACKGROUND

The Minnesota Legislature authorizes state-funded grants—financial assistance or services provided by a state agency through another organization—to achieve a public purpose. There are several ways agencies award state-funded grants, including through competitive award processes. For these competitive grants, potential grantees apply for the grant, and state agencies establish review panels to evaluate applications and recommend which grantees should receive awards.

State agencies must follow state law and the Department of Administration’s Office of Grants Management (OGM) policies when awarding state-funded grants. For example, OGM policies require agencies to use grant reviewers to evaluate competitive grant applications. Grant reviewers may be state employees, community members, or other specified individuals.

OGM policy also requires state agencies to ensure that grant reviewers do not have conflicts of interest with grant applicants. According to OGM policy, “a conflict of interest occurs when a person has actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties.” Grant reviewers must identify conflicts of interest, and state agency personnel must then review the conflicts and determine an appropriate course of action.

## EVALUATION ISSUES

1. To what extent do state agencies follow state requirements and recommended practices when selecting who will review grant applications?
2. How do state agencies identify and resolve conflicts of interest? To what extent were state agencies’ actions to resolve conflicts of interest reasonable?

## DISCUSSION

The Office of the Legislative Auditor (OLA) has issued eight financial audits and three program evaluations on state agencies’ compliance with OGM policies over the past six years. These reports have identified noncompliance with how state agencies address conflicts of interest, review grant applications, and determine grant recipients. Legislators, state agency staff, and other stakeholders have expressed concerns about how state agencies administer the grant award process. This evaluation will focus specifically on state agencies’ award processes for state-funded, competitive grants.

To evaluate state agencies’ compliance with OGM grant award policies, we will review documents for a sample of grants from two agencies: the Department of Human Services (specifically, grants managed by the Behavioral Health Division) and the Minnesota State Arts Board. We will also conduct focus groups of grant managers across grant-making state agencies to understand how these agencies select grant reviewers and identify and resolve conflicts of interest.

In addition, we will review literature and practices in other states. We will also review policies and procedures at the Department of Human Services, the Minnesota State Arts Board, and the Minnesota Regional Arts Councils. We will compare these policies to OGM policies, practices identified in literature, and practices in select other states.

This evaluation is scheduled to be completed in spring 2024. For additional information, contact Caitlin Zandoni-Wells, evaluation manager, at 651-296-2518 or [caitlin.zandoni@state.mn.us](mailto:caitlin.zandoni@state.mn.us).