



Oversight of State-Funded Grants to Nonprofit Organizations

Project Description

July 2022

BACKGROUND

The Legislature authorizes state-funded grants—financial assistance or services provided through a state agency by another organization—to achieve a public purpose. Grants involve three groups, the: (1) grant-making state agency, (2) organization that provides services or distributes funds, and (3) individuals or groups that receive the final service or funds.

Several types of organizations may receive grants, including nonprofit organizations. The Legislative Budget Office reported that in Fiscal Year 2021, Minnesota’s nine largest grantmaking state agencies provided grant funds to more than 1,100 nonprofit organizations.

To standardize grants management across state agencies, the Office of Grants Management (OGM) within the Department of Administration is responsible for creating statewide grants management policies.¹ OGM has developed 13 policies that state agencies must follow. These policies include requirements for competitive grant application reviews, grant contract agreements, and grant monitoring, among other things.

Some legislators have recently expressed concerns about state agencies’ oversight of nonprofit organizations that receive government funding. Subsequently, the Legislative Audit Commission directed OLA to review state grantmaking policies, with a focus on the practices at the Minnesota Department of Education (MDE) and the Department of Public Safety’s (DPS’s) Office of Justice Programs.

POSSIBLE EVALUATION ISSUES

1. To what extent has the Minnesota Department of Administration’s OGM established comprehensive policies for

managing state-funded grants to nonprofit organizations?

2. To what extent have state agencies, particularly MDE and DPS’s Office of Justice Programs, complied with state grants management policies?

DISCUSSION

To determine the comprehensiveness of OGM’s grants management policies, we will analyze the extent to which they reflect national recommended practices. We will identify recommended practices by reviewing reports from national organizations and federal agencies, including the Pew Charitable Trusts and the Government Accountability Office.

We will also review the comprehensiveness of OGM’s grants management policies through a survey. OGM works with a committee that includes grants management supervisors from 26 grant-making state agencies. We will survey those supervisors to learn about their experiences implementing the policies.

We will more closely examine the extent to which MDE and DPS managed select grants in accordance with OGM policies. We will select a sample of grants within MDE’s Early Learning Services and DPS’s Office of Justice Programs divisions. We will review the agencies’ grant files for this sample, including documentation of monitoring visits, progress report reviews, and financial reconciliations. In addition, we will interview agency grants managers and staff from select grantee organizations, review internal department procedures, and analyze agency data.

This evaluation is scheduled to be completed in early 2023. For additional information, contact Jodi Munson Rodríguez, evaluation manager, at 651-296-1230 or jodi.rodriguez@state.mn.us.

¹ *Minnesota Statutes* 2021, 16B.97, subd. 4(1).