



Grant Award Processes

Grant award processes vary by state agency. Some agencies have not consistently complied with certain state requirements.

Report Summary

Grant Reviewer Selection

State agencies generally select state employees, individuals appointed on the basis of their membership in an organization, or community members to evaluate competitive grant applications. OGM policy recommends including community member reviewers whenever possible.

- In the absence of statewide requirements, state agencies have used a variety of approaches to form grant review panels. (p. 12)
- Many grant managers we spoke with supported using community grant reviewers, but several also expressed concerns about including these reviewers on grant review panels. BHD maintained little information about who served as grant reviewers. MSAB has maintained information about its grant reviewers to show that it met the agency's selection requirements. (pp. 14-17)

Recommendation ► OGM should provide additional guidance to state agencies to help standardize grant reviewer selection processes. (p. 20)

Conflicts of Interest

State agencies must protect against conflicts of interest in the grant award process. To help prevent conflicts, OGM policy requires that grant reviewers complete a disclosure form to identify potential conflicts of interest with grant applicants.

- Grant managers we spoke with expressed interest in receiving more guidance on what represents an actual conflict of interest. (p. 29)
- BHD did not ensure that each grant reviewer appropriately completed, and the agency retained, a conflict of interest disclosure form, as required by OGM policy. (p. 25)

Recommendation ► BHD should ensure that each grant reviewer completes a conflict of interest disclosure form after reviewing a comprehensive list of grant applicants and that BHD retains the completed form. (p. 26)

Background

State agencies award grants to organizations or individuals to achieve a public purpose authorized in law. Agencies must award state-funded grants according to requirements in Minnesota statutes and Office of Grants Management (OGM) policies.

OGM policies cover all phases of the grant lifecycle, including the pre-award phase—or all activities leading up to the state agency signing a grant contract agreement with the grant recipient. For grants that agencies award through a competitive process, agencies select grant reviewers to evaluate grant applications. Grant reviewers and state employees must avoid conflicts of interest in the grant award process. A conflict of interest exists when a person has relationships, affiliations, or other interests that create competing loyalties.

We focused certain aspects of our review on two grantmaking entities, the Department of Human Services' (DHS's) Behavioral Health Division (BHD) and the Minnesota State Arts Board (MSAB).

Grant Award Decisions

OGM policy allows agencies to award single/sole source grants if only one entity is reasonably able to fulfill the grant's purpose. In order to proceed with a single/sole source grant, agencies must document their justification for making this type of award.

- OGM policy does not establish sufficient standards for single/sole source grant justification. (p. 41)

Recommendation ► OGM should provide further guidance on minimum single/sole source justification search standards. (p. 42)

- BHD completed required single/sole source justification forms for the grants we reviewed, but we identified issues with several forms. MSAB did not complete required single/sole source justification forms for any of the grants it awarded without a competitive process in Fiscal Year 2023. (pp. 42-43)

Recommendations ► BHD should clearly document justification for using a single/sole source grant. MSAB should ensure it correctly classifies expenditures and follows applicable requirements for single/sole source grants. (pp. 43, 45)

OGM policy requires agencies to conduct pre-award risk assessments to confirm certain applicants' financial stability.

- BHD did not comply with the state's pre-award risk assessment requirements for more than 40 percent of grants we reviewed. MSAB did not complete pre-award risk assessments for the few grants it awarded without a competitive process. (p. 46)

Recommendation ► BHD and MSAB should complete pre-award risk assessments, as required by state law and OGM policy. (p. 46)

Summary of Agencies' Responses

In a letter dated April 17, 2024, DHS Commissioner Jodi Harpstead stated that the department is "committed to upholding the integrity of the grant pre-award process...." She noted that DHS "has developed systems and supports to standardize processes and improve policies and practices," and "can take immediate action and promptly implement [OLA's] recommendations as part of the newly established systems and supports...."

The Minnesota Department of Administration (Admin) and Minnesota State Arts Board (MSAB) responded in separate letters dated April 18, 2024. Admin Commissioner Tamar Gronvall noted, "Admin takes its responsibility to ensure compliance with legal requirements seriously.... We will further review the recommendations in the report as we continue to update our policies, training, and technical assistance." MSAB Executive Director Sue Gens said, "We are pleased that the report highlights some of the strengths of our work.... We will address areas where the [OLA] has recommended improvements...."