

State Grants to Nonprofit Organizations

Update to 2007 Evaluation Report

Problems Identified

- **Inconsistent Management and Fragmented Oversight.** The state did not have a consistent approach for managing grants. In lieu of a state grant management system, state agencies developed their own grant policies, producing a fragmented system of grant management and oversight.
- **State Agency Grant Management Practices Inadequate.** Actual grant management practices varied considerably and oftentimes provided inadequate oversight of state grants. For example, less than half of the 50 grants we reviewed were competitively awarded, and agency staff conducted formal site visits in less than half of the grants we reviewed.
- **Oversight of Legislatively-Named Grantees Especially Weak.** Agencies were less likely to require work plans or interim reports from, and more likely to provide advance payments to, grantees specifically named in legislation. Grant managers were also less likely to conduct site visits for grants to agencies specifically named in legislation than for grants to other organizations.

Changes Implemented

- **Office of Grants Management Created.** The 2007 Legislature established the Office of Grants Management in the Department of Administration. This office is responsible for coordinating the state's grant management policies and serving as a grant management resource for all executive agencies.
- **Developed Statewide Grant Management Policies.** The 2007 Legislature enacted *Minnesota Statutes* 16B.97, which requires the Department of Administration to create grant management policies and procedures for all state agencies. As a result of this new authority, staff in the Office of Grants Management have developed conflict-of-interest policies and grant-awarding criteria. Staff plan to develop a dozen more grant management policies by summer 2008.

Action Needed

- **Continue to Support the Office of Grants Management.** The Legislature allocated one year of funding to the Office of Grants Management. The continuation of this office may be in jeopardy by the end of fiscal year 2008. The office is filling an important role in improving the state's management of grants and should be continued.
- **Avoid Naming Grantees in Law.** The Legislature should not name grantees in law but allow agencies to select recipients through a competitive process.