

# Oversight of State-Funded Grants to Nonprofit Organizations

Update to 2023 Evaluation Report

February 2024

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## Problems Identified

- **Insufficient Specificity.** The Office of Grants Management (OGM) established policies that broadly aligned with many recommended practices for grants management. But, the policies generally lacked sufficient detail for agencies on how best to implement them.
- **Lack of Systemic Oversight.** OLA has found pervasive noncompliance with OGM policies in recent years, signaling systemic issues regarding grants oversight. Statutes provided little authority to enforce state agencies' compliance with OGM policies or require corrective action when agencies were noncompliant. Minnesota also lacked comprehensive, statewide data that would allow legislators to review how well state agencies managed grants.
- **Unclear Agency Procedures.** The Department of Public Safety (DPS) and the Minnesota Department of Education (MDE) established procedures for managing grants, but these procedures were generally not sufficiently detailed.

## Changes Implemented

- **Improved Grants Management Materials.** DPS and MDE implemented several revised grants management procedures to help ensure compliance with OGM policies. The revised procedures generally provide more clarity on how to conduct grant management activities.
- **Increased Oversight.** The Legislature passed several changes intended to improve state agencies' oversight of grants, including the authority to withhold grant funds in certain situations. Legislation also required an assessment of the viability of a statewide grants management system for state agencies.<sup>1</sup>

## Action Needed

- **Clarify Policy Requirements.** OGM maintains that current policies comply with the authority of the office and reflect the complexity of grant administration throughout the state. However, we recommend that OGM revisit its policies to strengthen them and provide more specific guidance.
- **Improve Systemic Oversight.** While the Legislature has made some improvements, we recommend it also (1) increase oversight of state agencies' grants management practices, and (2) require OGM to develop a grants management training program that all grants management staff must complete.

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<sup>1</sup> *Laws of Minnesota 2023*, chapter 62, art. 7.