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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 384

January 29, 2007

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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act
1.2 relating to state government; providing for management of state grants;
1.3 proposing coding for new law in Minnesota Statutes, chapter 16B.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **[16B.855] GRANTS MANAGEMENT.**

1.6 Subdivision 1. Commissioner duties. The commissioner is responsible for
1.7 coordinating state executive agency management of grants. In performing this
1.8 responsibility, the commissioner must:

1.9 (1) identify and communicate to executive agencies best practices regarding grant
1.10 management functions, including selection and monitoring of grantees, compliance
1.11 review, and financial oversight;

1.12 (2) train executive agencies on implementing the best practices, including training
1.13 on how to:

1.14 (i) review grantees' financial information;

1.15 (ii) conduct financial reconciliation reviews; and

1.16 (iii) review financial audits;

1.17 (3) require executive agencies to follow the best practices the commissioner
1.18 identifies;

1.19 (4) coordinate executive agency efforts to increase consistency and efficiency in
1.20 grant management;

1.21 (5) establish a statewide electronic grants management system;

1.22 (6) create standard documents that can be used as the basis for requests for proposals,
1.23 contracts, and report forms for executive agency grants;

2.1 (7) identify and make recommendations to executive agencies on what information
 2.2 agencies should request and review before awarding grants;

2.3 (8) selectively audit executive agency grants to ensure funds are spent as intended;

2.4 (9) selectively review development and implementation of executive agency grants
 2.5 policies and practices;

2.6 (10) selectively review executive agency compliance with best practices; and

2.7 (11) work with nonprofit organizations to help them be prepared to receive and
 2.8 manage state grants.

2.9 For purposes of this section, "executive agency" includes constitutional officers and
 2.10 the Minnesota state colleges and universities.

2.11 Subd. 2. **Standard grant contract.** The commissioner must develop a standard
 2.12 grant contract containing terms that executive agencies must use in entering into contracts
 2.13 with grantees. Executive agencies may use additional terms specific to each grant
 2.14 contract. The standard contract must include clauses regarding ownership of equipment
 2.15 and intellectual property; data privacy; audits; liability; workers compensation insurance;
 2.16 contract cancellation; and satisfactory performance as a condition of payment.

2.17 Subd. 3. **Financial reconciliation of grant expenditures.** An executive agency
 2.18 issuing a grant of more than \$50,000 must conduct a financial reconciliation of a sample
 2.19 of expenditures for the grant at least once during the grant contract period.

2.20 Sec. 2. **APPROPRIATION.**

2.21 \$..... for the fiscal year ending June 30, 2008, and \$..... for the fiscal year
 2.22 ending June 30, 2009, are appropriated from the general fund to the commissioner of
 2.23 administration for purposes of section 1. The commissioner of administration must reduce
 2.24 other executive agency budgets to reflect grant management duties formerly performed by
 2.25 those agencies that the commissioner of administration will now perform.

2.26 Sec. 3. **EFFECTIVE DATE.**

2.27 Sections 1 and 2 are effective July 1, 2007. The statewide electronic grants
 2.28 management system required by section 1 must be in operation by July 1, 2009.