



# Department of Employment and Economic Development Grant Administration Overview

Matt Varilek | Commissioner

# DEED Grants Snapshot (FY23-24)

- DEED administers a number of grant programs to nonprofits and businesses:
  - ~30 competitive grant programs totaling ~\$163,019,000
  - ~136 direct appropriations totaling ~\$268,524,000
- DEED also administers dozens of other economic and community development focused programs toward businesses, cities, counties, etc. such as broadband infrastructure.

# DEED's Responsibility

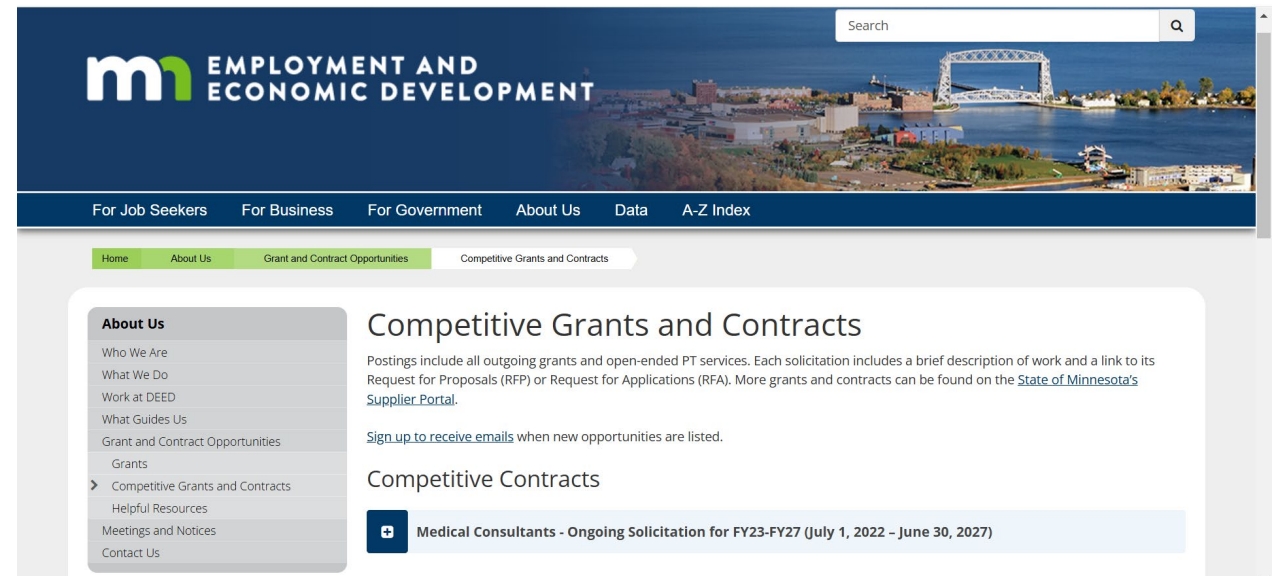
- DEED takes very seriously its role in being good stewards of taxpayer dollars.
- We also work hard to strike the important balance of ensuring stringent financial oversight to protect taxpayer funds from fraud and mismanagement with deploying funds in a timely matter and in the ways the legislature has directed.
- When we identify challenges from an organization operating in good-faith, we look to work with the grantee to come into compliance with our policies.

# Grant Administration at DEED

- The following slides reflect a typical competitive grant process.
- DEED administers a wide variety of grant programs, so the grant administration process may look slightly different due to the structure of the program as designed in legislation.
- We apply the same oversight controls on both competitive grants and direct appropriations.

# Requests for Proposal

- For competitive grants, we develop Requests for Proposal (RFPs) based on the statutory or session law objectives.
- RFPs are posted on our external website for a minimum of 45 days.
- RFPs go out in various email blasts. We also encourage our interagency and external stakeholder partners to circulate RFPs to their networks.



# Conflict of Interest

- State grant policy requires that procedures are in place to prevent individual and organizational conflicts of interest.
- DEED has additional conflict of interest requirements at the operational level. For example, at the time of contracting or if adding/changing any partners, DEED requires the grantee to fill out a “Compensated Partner Information” form.
  - The “Compensated Partner Information” form asks grantees to disclose any actual, potential, or perceived conflict of interest with any subgrantee, contractor, vendor, or trainer to be compensated with state grant funds.
- DEED also requires that grant reviewers certify that they do not have a conflict of interest before they begin reviewing grants.

# Grant Review

- Once the RFP closes, DEED staff review submissions to ensure the proposals meet the minimum requirements for consideration (e.g. staying within the page limit, budget documents included, etc.).
- Grant review panels review and score grant proposals.
- Grant funding recommendations are submitted to the commissioner for review and approval.
- The commissioner has final approval authority over grant award decisions.



# Community Reviewers

- DEED has a goal that all grant review panels consist of approximately 25% community reviewers (non-DEED staff).
- We believe that community reviewers makes for a more inclusive process and better funding decisions.
- As grant review opportunities arise, DEED puts out an application for community reviewers. Applicants are asked about their qualifications and experience as related to the types of grants they would potentially be reviewing.
- Community reviewers dedicate about 20-40 hours over the course of 2-3 weeks to review and score grant proposals.
- All community reviewers (as well as non-community reviewers) must submit a signed conflict of interest form before receiving any grant proposals to review.



# Pre-award risk assessment

- Check with Unemployment Insurance to ensure no outstanding UI debts.
- Complete the transparency check on MMB's website to see if grantee has worked with other agencies and ensure no contract termination occurred.
- Check Admin's website for suspended or debarred vendors.
- Complete verification of tax exclusions.
- Check Secretary of State website for active registration.
- Review Risk Assessment Form.
- Complete assets to liabilities ratio sheet, "acid test ratio" sheet, and debt to equity ratio sheet.
- Review from DEED finance director to determine risk level.
- If DEED deems an organization "high risk," special conditions are added to the grant agreement regarding early financial reconciliation.

# Steps to Completing an Executed Grant Agreement

- Grantee completes and submits “Risk Assessment” worksheet. This form is used to determine if DEED needs to place any special conditions in the grant agreement. This occurs before DEED make awards.
- Grantee receives a notice via email that the organization has been approved for an award.
- Grantee receives an official award letter approving the grant award.
- Grantee registers as a vendor with the State.
- Grantee submits an updated work plan to reflect final award amount (if different than what was requested).
- Grantee receives and signs a finalized grant agreement and provides a copy via email to DEED.

# Grant Agreement

- Grantees and DEED negotiate the terms of the grant agreement.
- The grant agreement covers a wide range of terms and responsibilities DEED, and the grantee must follow.
- DEED does not make payments until a grant agreement is signed by all parties.
- Work that a grantee does prior to a grant agreement. being in place is not reimbursable.

# Reimbursement

- Grant payments are processed on a reimbursement basis.
- DEED may allow cash advances in limited circumstances.
- As grantees incur expenses, they submit a Request for Payment form to DEED.
- Requests for reimbursement must correspond to the approved grant budget line items (i.e. personnel costs, indirect costs, equipment costs).
- DEED reviews each request for reimbursement against the approved grant budget, grant expenditures to-date, and the latest grant progress report before approving payment.

# Grant Progress Reports

- OGM Policy 08-09 requires grantees to submit written progress reports at least annually until all grant funds have been expended and all terms in the grant agreement have been met.
- DEED requires grantees to submit progress reports quarterly.
- A grant progress report summarizes grant activities and outcomes for a given period.
- A progress report may have narrative, statistical and/or financial elements. Information requested in a grant progress report may include, but is not limited to: goals and objectives, activities, outcomes, challenges, lessons learned and financial information.

# Monitoring

- DEED conducts at least one monitoring visit before final payment on all state grants of over \$50,000 and conduct at least annual monitoring visits on grants of over \$250,000.
- The purpose of grant monitoring visits is to review and ensure progress against the grant's goals and address any problems or issues before the end of the grant period.
- An effective grant monitoring visit may cover topics including but not limited to: statutory compliance, challenges faced by the grantee, modifications made to the grant program, program outcomes, grantee policies and procedures, grantee governance and training, and technical assistance needs.
- DEED also conducts a financial reconciliation of a project's expenditures at least once before final payment is made. A financial reconciliation involves reconciling a grantee's request for payment for a given period with supporting documentation for that request, such as purchase orders, receipts and payroll records.
- When DEED identifies an organization as "high risk," we conduct a monitoring visit within the first two quarters of a grant agreement.

# Grant Closeout

- Grantees must submit their final payment request within 20 days of the end of the grant agreement.
- In addition to the final payment request, grantees must submit a final report on project outcomes. The final report must summarize grant activities and outcomes for the entire grant period.
- DEED reviews the final payment request, reviews the final report, and conducts a close-out evaluation of performance in meeting the objectives of the grant. Successful grantees receive close-out notice confirming the completion of the grant and all documents will be placed in the grant file.
- It is the policy of the State of Minnesota to consider a grant applicant's past performance before awarding subsequent grants to them.



Questions?