

**Key Grants Management Requirements**  
**House Environment and Natural Resources Finance and Policy Committee**  
**Thursday, March 5, 2026, 1:00 p.m.**

*Preaward Risk Assessments*

- State law requires agencies to perform a preaward risk assessment for any grant of \$50,000 or more.<sup>1</sup> Among other things, agencies must evaluate the potential grantee's past performance of duties similar to those required by the grant, as well as the potential grantee's financial information.
- Potential grantees are required to certify that none of their principals have been convicted of a felony financial crime in the last ten years. State grants management policy requires agencies to verify that potential grantees have not been debarred by the state or federal government.<sup>2</sup>
- Based on the result of the risk assessment, agencies may provide enhanced oversight of the grant, provide technical assistance, or decline to award the grant.

*Grant Payments*

- An agency may not make payments to the grantee until the grant agreement is fully executed.<sup>3</sup>
- Reimbursement is the preferred method for making grant payments. Agencies are allowed to provide advance grant payments, but state policy says this method is not the preferred method.<sup>4</sup>
- Before making an advance payment, agencies must be confident that a grantee would be able to abide by the terms of the grant agreement, based on their past performance as a grantee of that agency and based on an evaluation of the grantee's recent financial statements. All advance payments on grants must be negotiated between the agency and the grantee on a case-by-case basis.

*Grant Monitoring*

- Granting agencies are required by law to diligently monitor any grants they have entered into.<sup>5</sup>
- State grants management policy requires agencies to conduct at least one monitoring visit and one financial reconciliation before final payment is made on all state grants over \$50,000.<sup>6</sup> Grants over \$250,000 need at least annual monitoring visits.
- Grant monitoring visits can be completed either in-person or via telephone.<sup>7</sup>

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<sup>1</sup> *Minnesota Statutes* 2025, 16B.981, subd. 2.

<sup>2</sup> Minnesota Department of Administration, Office of Grants Management, OGM 08-06, *Preaward Risk Assessment of Potential Grantees*, effective July 1, 2025, 2.

<sup>3</sup> *Minnesota Statutes* 2025, 16B.98, subd. 7.

<sup>4</sup> Minnesota Department of Administration, Office of Grants Management, Operating Policy and Procedure 08-08, *Policy on Grant Payments*, revised April 12, 2021, 1.

<sup>5</sup> *Minnesota Statutes* 2025, 16B.98, subd. 6.

<sup>6</sup> Minnesota Department of Administration, Office of Grants Management, Operating Policy and Procedure 08-10, *Policy on Grant Monitoring*, revised December 2, 2016, 1.

<sup>7</sup> Admin, Operating Policy and Procedure 08-10, *Grant Monitoring*, 1.