

Subject Legislative auditor
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Overview

This bill modifies or establishes various duties for state agencies that receive recommendations from the Office of the Legislative Auditor (OLA), maintain inventories of state property, award and manage state grants, or collect debts owed to the state.

H.F. 3672 also provides that most state appropriations, payments, allocations, or transfers of money to private entities are either grants or procurements and subject to all applicable state requirements and procedures.

Summary

Section	Description
1	<p>Penalties.</p> <p>States that materials and information provided to OLA by a public official or public employee are documents subject to the existing misconduct crime under section 609.43.</p>
2	<p>Monitoring Office of the Legislative Auditor audits.</p> <p>Requires Minnesota Management and Budget to regularly provide guidance to agencies regarding how to implement OLA's internal controls recommendations. Requires Minnesota Management and Budget, as resources allow, to provide technical assistance to agencies that have not implemented OLA's internal control recommendations.</p>
3	<p>Payment oversight.</p> <p>Provides that unless otherwise specified, any appropriation, payment, or other transfer of money made through a state agency to a nongovernmental entity is subject to oversight as provided in the statutes governing state grants and procurement, as applicable. Exempts certain categories of capital project grants and sustainable forest resource management payments issued by the Department of Revenue.</p>

Section	Description
4	<p>Inventory training.</p> <p>Requires all state employees responsible for maintaining an inventory of state property to annually complete training provided by the Department of Administration. Lists mandatory training elements.</p>
5	<p>Discretionary powers.</p> <p>Eliminates certain discretionary powers of the Department of Administration with regards to state grants management. These same powers appear in the next section, where they would become mandatory duties instead.</p>
6	<p>Duties.</p> <p>Adds additional grants management duties for the Department of Administration, as follows: ensuring that other agencies comply with the training requirements modified in section 10 below; reviewing executive agency grants management practices and enforcing policy or procedure improvements as needed, with a focus on high-risk grant programs and grantees; and establishing offices for purposes of state grants governance, oversight, and management.</p>
7	<p>Conflict of interest.</p> <p>Requires the Department of Administration's grantmaking code of ethics and conflict of interest policies to address specified topics. Under current law, these same topics are optional.</p>
8	<p>Reporting of investigations.</p> <p>Requires grantmaking agencies to report to the Department of Administration any grantee being investigated due to a credible allegation of fraud. Requires the department to maintain a list of the grantees reported by state agencies under this subdivision. Prohibits the department from removing a grantee from this list until the investigation is complete or closed.</p>
9	<p>Grant administration; site visit requirement.</p> <p>Requires grantmaking agencies to conduct unannounced, on-site, in-person visits, with one visit required for grants over \$50,000 and annual visits required for grants over \$250,000. Allows the Department of Administration to approve exceptions to this requirement only if a grantmaking agency sufficiently justifies why such visits would not be suitable for a specific grant program.</p> <p>Effective date: Provides that this section is effective January 15, 2027.</p>
10	<p>Grants management training.</p> <p>Expands training requirements for grantmaking agencies. Requires agency staff that conduct financial reconciliations of grant expenditures to complete training before</p>

Section	Description
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assuming these duties, and annual continuing education. Requires agencies to report to the Department of Administration annually regarding the number of staff who have received grants management training and financial reconciliation training. Requires the Department of Administration to ensure that agencies comply with the training requirements under this subdivision.

Effective date: Provides that this section is effective January 15, 2027.

11 Hiring limitation.

Prohibits state grantees from hiring an employee of the grantmaking agency who was involved in awarding or managing the grant if the employee will work with that particular grant for the grantee. This prohibition would last 12 months, starting when the agency awards the grant to the grantee. Establishes penalties for any grantee who violates this prohibition.

12 Training.

Requires any agency employee who oversees debts owed to the state to complete training developed by Minnesota Management and Budget and the Department of Revenue that addresses quantifying debt, determining collection options, and provides guidance regarding how to collect these debts.

Effective date: Provides that this section is effective January 15, 2027.

13 Generally.

Modifies uncollectible debt reporting requirements for state agencies. Requires agencies' quarterly reporting to Minnesota Management and Budget to identify collection efforts taken by the agency, and to provide rationale if the agency did not make such efforts for a particular debt. Requires Minnesota Management and Budget to include this information in its annual report to the legislature and requires submission of this report to the leaders of each legislative committee. Under current law, Minnesota Management and Budget is required to submit this report only to the legislature's state government committees.

Effective date: Provides that this section is effective July 1, 2027.



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