

Subject State Government

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Overview

This bill would require state agency staff to immediately report suspected fraud to the Office of the Legislative Auditor and provide that such staff are protected under the state's whistleblower act. H.F. 2 also requires state agencies to prominently post organizational charts on their websites and modifies various state grantmaking requirements that are administered by state agencies and coordinated at the enterprise level by the Office of Grants Management within the Department of Administration.

Summary

Section	Description
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| 1 | <p>Fraud reporting required.</p> <p>Requires state employees to report suspected fraud to their supervisor, agency head, or the Office of the Legislative Auditor (OLA). If the employee reports to their supervisor or agency head, the supervisor or agency head must immediately notify OLA. Requires OLA to report to the Legislative Audit Commission if OLA receives multiple reports about the same agency. Provides that employees who report fraud under this section are protected from discrimination under the state's whistleblower act.</p> |
| 2 | <p>Organizational charts posted.</p> <p>Requires state agencies to post an organizational chart on the agency's website that includes the names of, and contact information for, the agency head, deputy and assistant agency heads, and the head of each division or bureau within the agency.</p> |
| 3 | <p>Grants governance.</p> <p>Requires the Department of Administration (Admin) to provide leadership and direction to state agencies regarding the prevention of fraud, waste, and abuse in state grant programs.</p> |

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4	<p>Duties.</p> <p>Requires Admin, as part of its grantmaking policies for state agencies, to require agencies to: (1) conduct at least one in-person, unannounced monitoring visit before final payment of any grant over \$50,000 and annual unannounced in-person monitoring visits for grants over \$250,000; and (2) withhold funds from any grantee that does not submit a required progress report unless the agency is at fault. Limits Admin’s existing authority to approve exceptions for particular grant programs and requires Admin to report each approved exception to the legislature. Requires Admin to revoke any approved exception for all grants over \$50,000 within the same grant program when one or more of the grantees is charged with a criminal offense relating to a state grant agreement.</p>
5	<p>Reporting of violations.</p> <p>Requires state employees to immediately report violations of grantmaking laws or rules to their supervisor, Admin, or the OLA. Under current law, state employees are encouraged to make such reports. If the employee reports to their supervisor or Admin, the supervisor or Admin must immediately notify OLA. Eliminates language that currently restricts the information that OLA may report to the Legislative Audit Commission when OLA receives multiple complaints about the same agency.</p>
6	<p>Creation and validity of grant agreements.</p> <p>Provides that grant agreements between the state and grantees must require the grantee to post on its website names and contact information for the grantee’s leadership and the employee or other person who directly manages and oversees the grant for the grantee.</p>
7	<p>Financial information required; determination of ability to perform.</p> <p>Requires state agencies, when performing the mandatory pre-award financial review of a potential nonprofit or for-profit grantee, to confirm that the grantee’s internal controls, at a minimum, require the segregation of duties concerning the authorization, disbursement, and recording of expenditures.</p>
8	<p>Additional measures for some grantees.</p> <p>Requires agencies to require additional information and provide additional oversight when the potential grantee has not previously received state or federal grants of similar amounts or for similar duties, or has not demonstrated the ability to perform these duties on the required scale. Under current law, agencies may do so, but this is not required. Requires agencies, when requiring additional information from potential nonprofit grantees, to request two additional years of tax returns and examine certain information concerning employee compensation.</p>

Section	Description
9	Criminal charge or conviction. Requires state grant agreements to include a clause providing that the state will immediately suspend the grant if the grantee is charged with a criminal offense relating to a state grant agreement. Retains an existing requirement that grant agreements provide that the state will cancel the grant if the grantee is convicted of such a crime.
10	Conforming changes to grants policies. Requires Admin to update its grants management policies as needed to comply with this act.
11	Effective date. Provides that this act takes effect the day following final enactment.



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