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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3682

02/25/2026 Authored by Nash and Allen
The bill was read for the first time and referred to the Committee on State Government Finance and Policy
03/23/2026 Adoption of Report: Amended and re-referred to the Committee on Ways and Means
04/22/2026 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time

1.1 A bill for an act
1.2 relating to state government; requiring a grantee fraud risk rating system and
1.3 corresponding grants management requirements; appropriating money; amending
1.4 Minnesota Statutes 2024, section 16B.97, subdivision 4.

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

1.6 Section 1. Minnesota Statutes 2024, section 16B.97, subdivision 4, is amended to read:

1.7 Subd. 4. Duties. (a) The commissioner shall:

1.8 (1) create general grants management policies and procedures that are applicable to all
1.9 executive agencies. The commissioner's policies and procedures must include a grantee
1.10 fraud risk rating system with corresponding grants management requirements that are
1.11 informed by the principles of vendor risk management. The commissioner may approve
1.12 exceptions to these policies and procedures for particular grant programs. Exceptions shall
1.13 expire or be renewed after five years. Executive agencies shall retain management of
1.14 individual grants programs;

1.15 (2) provide a central point of contact concerning statewide grants management policies
1.16 and procedures;

1.17 (3) serve as a resource to executive agencies in such areas as training, evaluation,
1.18 collaboration, and best practices in grants management;

1.19 (4) ensure grants management needs are considered in the development, upgrade, and
1.20 use of statewide administrative systems and leverage existing technology wherever possible;

2.1 (5) oversee and approve future professional and technical service contracts and other
2.2 information technology spending related to executive agency grants management systems
2.3 and activities;

2.4 (6) provide a central point of contact for comments about executive agencies violating
2.5 statewide grants governance policies and about fraud and waste in grants processes;

2.6 (7) forward received comments to the appropriate agency for further action, and may
2.7 follow up as necessary;

2.8 (8) provide a single listing of all available executive agency competitive grant
2.9 opportunities and resulting grant recipients;

2.10 (9) selectively review development and implementation of executive agency grants,
2.11 policies, and practices; and

2.12 (10) selectively review executive agency compliance with best practices.

2.13 (b) The commissioner may determine that it is cost-effective for agencies to develop
2.14 and use shared grants management technology systems. This system would be governed
2.15 under section 16E.01, subdivision 3, paragraph (b).

2.16 **EFFECTIVE DATE.** This section is effective July 1, 2027.

2.17 **Sec. 2. APPROPRIATION.**

2.18 \$71,000 in fiscal year 2027 is appropriated from the general fund to the commissioner
2.19 of administration to develop a grant fraud risk rating system, update Office of Grants
2.20 Management policies and templates, and create training content to promote compliance
2.21 across the enterprise. The base for this appropriation is \$71,000 in fiscal year 2028 and \$0
2.22 in fiscal year 2029 and thereafter.