Sec. 7. GRANT AUTHORITY.

(a) The commissioner of education may transfer funding for grant administration and monitoring within the Department of Education as the commissioner determines necessary with the advance approval of the commissioner of management and budget. All transfers under this section must be intrafund.

(b) Unless a different amount is specified by law, the commissioner of education may retain up to four percent of amounts appropriated for grants for the purpose of grant administration and monitoring.

Sec. 8. FINANCIAL REVIEW OF GRANT AND BUSINESS SUBSIDY RECIPIENTS.

Subdivision 1. Definitions.

(a) As used in this section, the following terms have the meanings given.

(b) "Grant" means a grant or business subsidy funded by an appropriation in this act.

(c) "Grantee" means a business entity as defined in Minnesota Statutes, section 5.001.

Subd. 2. Financial information required; determination of ability to perform.

Before an agency awards a competitive, legislatively named, single source, or sole source grant to a nonprofit organization under the agency before a grant is awarded, the grantor must document the following information:

1. the applicant's most recent Form 990, Form 990-EZ, or Form 990-N filed with the Internal Revenue Service. If the applicant has not been in existence long enough or is not required to file Form 990, Form 990-EZ, or Form 990-N, the applicant must demonstrate to the grantor that the applicant is exempt and must instead submit documentation of internal revenue service exemption.

(b) At a minimum, the grantor must require each applicant to provide the following information:

1. the applicant's most recent Form 990, Form 990-EZ, or Form 990-N filed with the Internal Revenue Service. If the applicant has not been in existence long enough or is not required to file Form 990, Form 990-EZ, or Form 990-N, the applicant must demonstrate to the grantor that the applicant is exempt and must instead submit documentation of internal revenue service exemption.
controls and the applicant's most recent financial statement prepared in accordance with
generally accepted accounting principles and approved by the applicant's board of directors
or trustees or, if there is no such board, by the applicant's managing group;

(2) evidence of registration and good standing with the secretary of state under Minnesota
Statutes, chapter 317A, or other applicable law;

(3) unless exempt under Minnesota Statutes, section 309.515; evidence of registration
and good standing with the attorney general under Minnesota Statutes, chapter 309; and

(4) if required under Minnesota Statutes, section 309.53, subdivision 3, the applicant's
most recent audited financial statement prepared in accordance with generally accepted
accounting principles;

Subd. 2. Authority to postpone or forgo; reporting required. (a) Notwithstanding
any contrary provision in this act, a grantor that identifies an area of significant concern
regarding the financial standing or management of a legislatively named applicant may
postpone or forgo awarding the grant.

(b) No later than 30 days after a grantor exercises the authority provided under paragraph
(a), the grantor must report to the chairs and ranking minority members of the legislative
committees with jurisdiction over the grantor's operating budget. The report must identify
the legislatively named applicant and the grantor's reason for postponing or forgoing the
grant.

Subd. 3. Authority to award subject to additional assistance and oversight. A grantor
that identifies an area of significant concern regarding an applicant's financial standing or
management may award a grant to the applicant if the grantor provides or the grantee
instead submit the grantee's most recent board-reviewed financial statements and
documentation of internal controls;

(3) for a for-profit business, three years of federal and state tax returns, current financial
statements, certification that the business is not under bankruptcy proceedings, and disclosure
of any liens on its assets. If a business has not been in business long enough to have three
years of tax returns, the grantee must demonstrate to the grantor's satisfaction that the grantee
has appropriate internal financial controls;

(4) evidence of registration and good standing with the secretary of state under Minnesota
Statutes, chapter 317A, or other applicable law;

(3) if the grantee's total annual revenue exceeds $750,000, the grantee's most recent
financial audit performed by an independent third party in accordance with generally accepted
accounting principles; and

(b) certification, provided by the grantee, that none of its principals have been convicted
of a financial crime.

Subd. 4. Assistance from administration. An agency without adequate resources or
experience to perform obligations under this section may contract with the commissioner
of administration to perform the agency's duties under this section.

Subd. 5. Agency authority to not award grant. If an agency determines that there is
an appreciable risk that a grantee receiving a competitive, single source, or sole source grant
cannot or would not perform the required duties under the grant agreement, the agency must...
otherwise obtains additional technical assistance, as needed, and the grantor imposes additional requirements in the grant agreement. Additional requirements may include but are not limited to enhanced monitoring, additional reporting, or other reasonable requirements imposed by the grantor to protect the interests of the state.

Subd. 4. Relation to other law and policy. The requirements in this section are in addition to any other requirements imposed by law, the commissioner of administration under Minnesota Statutes, sections 16B.97 and 16B.98, or agency policy.