MN Department of Administration Office of Grants Management Logo

# Content Overview for OGM Policy 08-06: Preaward Risk Assessment of Potential Grantees

[Content Overview for OGM Policy 08-06: Preaward Risk Assessment of Potential Grantees 1](#_Toc201322709)

[Content Overview for How to Use These Files 2](#_Toc201322710)

[Document Workflow 3](#_Toc201322711)

[Competitive Grantee 3](#_Toc201322712)

[Single Source Grantee 3](#_Toc201322713)

[Legislatively Named Grantee 4](#_Toc201322714)

[Document Overviews 5](#_Toc201322715)

[Sample Agency Communication Letters 5](#_Toc201322716)

[Preaward Risk Assessment Checklist – Competitive Grantee 5](#_Toc201322717)

[Preaward Risk Assessment Checklist – Legislatively Named Grantee 5](#_Toc201322718)

[Preaward Risk Assessment Checklist – Single Source Grantee 5](#_Toc201322719)

[Preaward Risk Assessment Questionnaire for Legislatively Named and Single Source Grantees 5](#_Toc201322720)

[Financial Review Form – For-Profit 5](#_Toc201322721)

[Financial Review Form – Nonprofit 5](#_Toc201322722)

[Risk Plan Template 5](#_Toc201322723)

[Tip Sheet – Additional Oversight and Requirements 5](#_Toc201322724)

[Tip Sheet – Internal Controls 5](#_Toc201322725)

[Frequently Asked Questions: Update to OGM Policy 08-06: *Preaward Risk Assessment of Potential Grantees* effective July 1, 2025 6](#_Toc201322726)-7

# Content Overview for How to Use These Files

The templates are provided so your agency can use them as resources to meet the minimum requirements of [OGM Policy 08-06: Preaward Risk Assessment of Potential Grantees](https://mn.gov/admin/government/grants/policies-statutes-forms/). The following documents are found on the OGM website:

1. Content Overview for OGM Policy 08-06: Preaward Risk Assessment of Potential Grantees (this document)
2. Sample Agency Communication Letters
3. Preaward Risk Assessment Checklist – *Competitive Grantee*
4. Preaward Risk Assessment Checklist – *Legislatively Named Grantee*
5. Preaward Risk Assessment Checklist – *Single Source Grantee*
6. Preaward Risk Assessment Questionnaire for *Legislatively Named and Single Source Grantees*
7. Financial Review Form – Nonprofit
8. Financial Review Form – For-Profit
9. Risk Plan Template
10. Tip Sheet – Internal Controls
11. Tip Sheet – Additional Oversight and Requirements

These templates are optional for agencies to use to meet the minimum requirements of the policy and agencies may modify them or use their own templates to accommodate for other granting requirements.

## Document Workflow

The following workflows explains when to use each document dependent on grantee type:

### Competitive Grantee

1. After grantee selection from a competitive RFP, start with the *Preaward Risk Assessment Checklist – Competitive Grantee*.
2. Fill out the *Preaward Risk Assessment Checklist* and it will instruct you if you need to use any of the following documents:

* *Sample Agency Communication Letters*
* *Tip Sheet – Internal Controls*
* *Financial Review Checklist – For-Profit*
* *Financial Review Checklist – Nonprofit*

1. If you need to develop a Risk Plan to address any significant risks identified during the Risk Assessment, use the following documents:

* *Risk Plan Template*
* *Tip Sheet – Additional Oversight and Requirements*

### Single Source Grantee

1. Start with the *Preaward Risk Assessment Checklist – Single Source Grantee*.
2. You will need to request information from the grantee using the following documents:

* *Sample Agency Communication Letters*
* *Preaward Risk Assessment Questionnaire*

1. Fill out the *Preaward Risk Assessment Checklist* and it will instruct you if you need to use any of the following documents:

* *Tip Sheet – Internal Controls*
* *Financial Review Checklist – For-Profit*
* *Financial Review Checklist – Nonprofit*
* *Sample Agency Communication Letters*

1. If you need to develop a Risk Plan to address any significant risks identified during the Risk Assessment, use the following documents:

* *Risk Plan Template*
* *Tip Sheet – Additional Oversight and Requirements*

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## Document Workflow continued

### Legislatively Named Grantee

1. Start with the *Preaward Risk Assessment Checklist – Legislatively Named Grantee*.
2. You will need to request information from the grantee using the following documents:

* *Sample Agency Communication Letters*
* *Preaward Risk Assessment Questionnaire*

1. Fill out the *Preaward Risk Assessment Checklist* and it will instruct you if you need to use any of the following documents:

* *Tip Sheet – Internal Controls*
* *Financial Review Checklist – For-Profit*
* *Financial Review Checklist – Nonprofit*
* *Sample Agency Communication Letters*

1. If you need to develop a Risk Plan to address any significant risks identified during the Risk Assessment, use the following documents:

* *Risk Plan Template*
* *Tip Sheet – Additional Oversight and Requirements*

## Document Overviews

This section gives a brief overview of the purpose of each document.

### Sample Agency Communication Letters

This document contains sample letters that agencies may use for communicating requirements and results of the preaward risk assessment and awarding decisions to a potential grantee.

### Preaward Risk Assessment Checklist – Competitive Grantee

This checklist is to be used to complete the preaward risk assessment for a potential competitive grantee. This checklist notes which, if any, other documents are to be completed as part of the risk assessment.

### Preaward Risk Assessment Checklist – Legislatively Named Grantee

This checklist is to be used to complete the preaward risk assessment for a potential legislatively named grantee. This checklist notes which, if any, other documents are to be completed as part of the risk assessment.

### Preaward Risk Assessment Checklist – Single Source Grantee

This checklist is to be used to complete the preaward risk assessment for a potential single or sole source grantee. This checklist notes which, if any, other documents are to be completed as part of the risk assessment.

### Preaward Risk Assessment Questionnaire for Legislatively Named and Single Source Grantees

This questionnaire, for potential legislatively named or single or source grantees, is to be filled out by the potential grantee to collect information and additional documentation to meet the requirements of the statute.

### Financial Review Form – For-Profit

The form is used to review financial statements for a potential for-profit grantee.

### Financial Review Form – Nonprofit

The form is used to review either a 990 or 990 EZ, financial statements, or audited financial statements for a potential nonprofit grantee.

### Risk Plan Template

The template is to use to work with the potential grantee in developing a plan to address significant risks identified in the preaward risk assessment.

### Tip Sheet – Additional Oversight and Requirements

This tip sheet provides suggestions for additional oversight or requirements to include in a risk plan that address common risks that might be found in the preaward risk assessment.

### Tip Sheet – Internal Controls

This tip sheet provides guidance on looking at a potential grantee’s internal controls.

## Frequently Asked Questions: Update to OGM Policy 08-06: *Preaward Risk Assessment of Potential Grantees* effective July 1, 2025

1. **What changed in the policy?**

* When an agency requests more information to satisfy concerns, the agency must give the potential grantee 15 calendar days to respond or work with the agency to develop a risk mitigation plan. This was updated from 30 business days. (This update is pursuant to [Chapter 39 - MN Laws](https://www.revisor.mn.gov/laws/2025/0/Session+Law/Chapter/39/): Sec. 42, which amended Minnesota Statutes, Section 16B.981.)
* The policy was updated to the latest Department of Administration policy template.
* The policy clarifies that it does not require financial review for municipalities (political subdivisions).
* The policy does not apply to sovereign nations or Indian tribes.
* The policy now reminds that agencies are required to verify that potential grantees have not been suspended or debarred by the State of Minnesota or by the federal government.
* Agencies may use a single preaward risk assessment to document requirements for multiple grants to the same entity if they have similar granting periods and activities awarded at the same time or within a six-month period.
* Definitions were updated. *Enhanced Oversight* and *Technical Assistance* are now defined terms.

1. **When is this policy effective?**

The updated policy is effective July 1, 2025. Grant awards issued or resulting from RFPs issued beginning July 1, 2025 should comply with the updated policy.

Grant awards issued or resulting from RFPs issued between January 15, 2024-June 30, 2025 should comply with OGM Policy 08-06: Preaward Risk Assessment of Potential Grantees Version 2.0 issued January 15, 2024.

1. **How do I know if the requirements of the policy apply to my potential grantee(s)?**

The policy applies to grants to political subdivisions, as defined in section [471.345, subdivision](https://www.revisor.mn.gov/statutes/cite/471.345) 1; nonprofits, as defined in [chapter 317A](https://www.revisor.mn.gov/statutes/cite/317A); and business entities, as defined in section [5.001](https://www.revisor.mn.gov/statutes/cite/5.001), subdivision 2. This policy does not apply to Indian tribes. If you are unsure what classification your grantee is, consult your agency legal counsel.

1. **Does the policy apply to federal funds?**

Check the terms and conditions of your federal award to determine if it applies. If you are unsure, consult your agency legal counsel.

1. **Do agencies need to collect financial information about municipalities (political subdivisions)?**

No. An agency could choose to collect and review this information, but it is not required by OGM’s policy.

1. **I am unsure how to interpret or read financial statements or audit findings. Can OGM help?**

Consult your supervisor or your agency’s internal audit, legal counsel, or finance team. If your agency does not have these positions, appropriate staff can reach out to the Internal Control and Accountability office at Minnesota Management and Budget (MMB).

1. **What additional documentation can agencies request to follow-up on concerns about a potential grantee?**

The policy sets the minimum requirements for information an agency must review, but agencies have the authority to request additional documentation or information to satisfy any concerns. If you are unsure, consult your supervisor or your agency’s internal audit, legal counsel, or finance team.

1. **Can agencies choose to collect all the required documentation up front for a competitive RFP?**

Pursuant to the Minnesota Data Practices Act, agencies should only collect data that they will use. If the agency is reviewing all the documentation as part of the selection process, they may collect the data as part of the RFP process.

1. **What are OGM’s expectations regarding risk threshold and due diligence?**

Agencies are expected to set their risk threshold based on the individual requirements of their grants. If agencies use the risk assessment checklists, they will meet the minimum requirements set in the policy.

1. **What do I do if a grantee’s principal is convicted of a felony financial crime?**

* If the grantee submitted inaccurate or misleading information in the certification form submitted as part of the grant application materials, it would be grounds for suspension or debarment. You should notify your agency’s legal counsel and OGM.
* If a grantee’s principal (defined as a public official, board member, or staff with authority to access grant funds or determine how funds are used) commits or is convicted of a felony financial crime during the grant period, the grantee should notify the granting agency to discuss its impact on the grant funds and if any further action is needed.

1. **Our potential grantees have concerns about submitting their tax returns and financial statements. How should this data be handled?**

The Minnesota Data Practices Act does not have a specific not public classification for tax return data provided by the individual or business to an agency after a grant contract agreement is executed. The policy requires agencies to review the tax returns, not to keep copies of them. It is permissible to review and shred or return the tax returns after documenting the review and before the grant contract agreement is executed. Agencies are not required to keep any financial data; the documented review of the data is the official record. Agencies should protect any security information or trade secret data if it is used in a financial review as not public data.