



H.F. 2

As introduced

Subject State Government

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Overview

This bill would require state agency staff to immediately report suspected fraud to law enforcement and the chairs and ranking minority members of relevant legislative committees. It would also require state agencies to prominently post organizational charts on their websites and modify various state grantmaking requirements that are administered or enforced within the executive branch by the Office of Grants Management within the Department of Administration.

Summary

| Section | Description |
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| 1 | Fraud reporting required. Requires the employees of state departments and boards to report suspected fraud. Requires these employees to immediately notify law enforcement and the chairs and ranking minority members of the legislative committees with jurisdiction over the entity's operating budget. |
| 2 | Organizational charts posted. Requires state departments and boards to post an organizational chart on the entity's website that includes the names of, and contact information for, the commissioner, deputy commissioner, assistant commissioner(s), and the head of each division or bureau within the agency. |
| 3 | Grants governance. Requires the commissioner of the Department of Administration to provide leadership and direction to state agencies regarding the prevention of fraud, waste, and abuse in state grant programs. (Under current law and this bill, the state Office of Grants Management is located within the Department of Administration). |
| 4 | Duties. Requires the Department of Administration, as part of its grantmaking policies for state agencies, to require agencies to, without exception: (1) conduct at least one in- |

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| | 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; (2) conduct a financial reconciliation of each grant project expenditure prior to disbursement for grants over \$50,000; and (3) withhold funds from any grantee that does not submit a required progress report. Provides that a state employee who knowingly violates one or more of these requirements is guilty of a misdemeanor crime. |
| 5 | Reporting of violations. Requires state employees to report violations of grantmaking laws or rules to their supervisor, the Department of Administration, and the Office of the Legislative Auditor (OLA). Under current law, state employees are encouraged to make such reports. 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. |
| 6 | Creation and validity of grant agreements. Provides that grant agreements between the state and grantees must require the grantee to post on its website a current organizational chart for the duration of the grant agreement. |
| 7 | Audit. Provides that grant agreements between the state and grantees must require the grantee to allow the Department of Administration, the granting agency, and OLA or the state auditor to audit the grantee's internal controls for at least six years. |
| 8 | Financial information required; determination of ability to perform. Requires state agencies, when performing the mandatory pre-award financial review of potential nonprofit or for-profit grantees, to confirm that the grantees internal controls, at a minimum, require the segregation of duties concerning the authorization, disbursement, and recording of expenditures. |
| 9 | Additional measures for some grantees. 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 the 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 and examine certain information concerning employee compensation. |

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| 10 | 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. |
| 11 | Conforming changes to grants policies. Requires the Department of Administration to update its grants management policies as needed to comply with this act. |
| 12 | Effective date. Provides that this act takes effect the day following final enactment. |



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