

Office of the Legislative Auditor: Recent DHS Reports

January 22, 2025

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Key Areas of Concern

- **Grants Management**
- **Oversight of Grantees**
- **Recovery of Overpayments**

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State of Minnesota
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Grants Management

OLA has found pervasive noncompliance in recent years.

Issues with:

- Conflict of interest documentation and resolution
- Pre-award financial reviews
- Required progress report collection
- Monitoring visits
- Closeout evaluations

DHS State-Funded Nonprofit Grant Expenditures 2018-2022

Amount of Grant Funding Expended: **\$436 million**

Number of Nonprofit Grantee Organizations: **592**

Grant Award Processes (2024): Key Findings

DHS did not comply with requirements related to:

- Conflict of interest documentation and resolution
- Pre-award financial reviews

Grant Award Processes (2024): Conflict of Interest Documentation

Requirement:

- Grant reviewers complete, agencies retain, conflict of interest documentation

Finding:

- 10 of 41 grant reviewers' documentation missing
- Issues identified with documentation for 6 grant reviewers

Grant Award Processes (2024): Pre-Award Financial Reviews

Requirement:

- Evaluate financial stability of grants > \$25,000

Finding:

- No financial review for 20 of 57 grants
- Issue identified with 5 reviews

Factors Affecting Grants Management Compliance: State Agency Capacity

Resources

Training

Grants Management Tools



We continuously get more grant programs to manage many times without administrative funding from the legislature...additional programs without additional oversight waters down each agency's capacity to monitor grant programs.

— State Agency Official

Factors Affecting Grants Management Compliance: Accountability

Enforcement

Data



Statutes provide little authority to enforce state agencies' compliance with OGM policies or require corrective action when agencies are noncompliant.

Oversight of State-Funded Grants to Nonprofit Organizations (2023): Recommendations

The Legislature should:

- Require OGM to develop a grants management training program for state agency staff.
- Require all state agency grants management staff to complete a grants management training program.

Oversight of State-Funded Grants to Nonprofit Organizations (2023): Recommendations

The Legislature should:

- Direct OGM to develop standards for consistently funding grants management activities at state agencies.
- Increase external oversight of grants management in executive branch agencies.
- Direct Admin to develop recommendations for improving access to comprehensive statewide data on state-funded grants.

Oversight of Grantees

Senior Nutrition Program (2023): Overview

- Federal program
- Meals to individuals age 60 or older
- Delivered to homes or served in a group setting
- In 2022:
 - 3.1 million meals
 - 40,013 program participants

Senior Nutrition Program (2023): Key Findings

Findings span almost all areas of responsibilities:

- Documentation
- Monitoring
- Contract oversight
- Recertification of program participants
- Quality of program participant data

Senior Nutrition Program (2023): Problems with Participant Recertification

Requirement:

- Enroll before receiving first meal
- Recertify annually

Finding:

- 296 out of 581 forms missing or inaccurate data

Senior Nutrition Program (2023): Minnesota Board on Aging Conducted No Monitoring

Requirement:

- Financial reconciliations and closeout evaluations
- Site visits every other calendar year

Finding:

- No monitoring since 2017

Senior Nutrition Program (2023): Area Agencies on Aging Conducted Inconsistent Monitoring

Requirement:

- Onsite monitoring visits
 - Eligible individuals
 - Nutritional meals
 - Safe and clean environment

Finding:

- 6 of 7 either did not complete any site visits or did not complete the required number

Senior Nutrition Program (2023): Participant Survey Identified Areas of Concern

10% of mailed surveys returned as undeliverable

Respondents:

- 13% received a different service
- 19% did not receive meals
- 37% required to pay for at least some meals

Recovery of Overpayments

DHS: Outstanding Provider Debt in Minnesota’s Medicaid Program (2024): Composition of Outstanding Balances

Provider Type	Number of Providers	Outstanding Balance (in Millions)
Long-Term Care Facilities	214	\$32.3
Hospital Facilities	146	3.2
Intermediate Care Facility/ Developmental Disabilities	19	2.0
Consolidated Providers	118	2.9
Remaining Providers (57 types)	2,060	11.3
Total Provider Debt	2,557	\$51.7

DHS: Outstanding Provider Debt in Minnesota’s Medicaid Program (2024): Outstanding Provider Debt

DHS has not attempted to recover over \$40 million in outstanding overpayments to Medical Assistance providers’ accounts.

- Last notification letter sent in 2019
- Last group of notification letters sent in 2015

Recommendations:

- Recover debt
- Improve internal controls

DHS: Outstanding Provider Debt in Minnesota's Medicaid Program (2024): Outstanding Provider Debt

DHS is planning to forgo recovery of outstanding provider debt that may still be recoverable.

- Balances under \$1,000
- Balances over 6 years old
- Balances for providers that have filed bankruptcy or are deceased
- Balances that DHS will pursue

Recommendations:

- Recover outstanding debt
- Work with Legislature to clarify its authority to recover outstanding debt

DHS: Outstanding Provider Debt in Minnesota's Medicaid Program (2024): Financial Reporting

DHS has not accurately reported its accounts receivable balance to MMB for inclusion in the state's financial statements since 2019.

- Balance has grown since 2016
- Estimate for uncollectible amount decreased
- No write offs of older balances since at least 2016

Recommendations:

- Accurately report its accounts receivable balance
- Improve internal controls

DHS: Outstanding Provider Debt in Minnesota's Medicaid Program (2024): Claims Data

DHS was unable to provide adequate data to enable us to confirm the outstanding provider balances.

- Incomplete data
- Variances between data and reported amounts
- Incorrect dates

Recommendations:

- Maintain documentation
- Ensure balances are accurate

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