Office of the Legislative Auditor: Recent DHS Reports

January 22, 2025





Key Areas of Concern

- Grants Management
- Oversight of Grantees
- Recovery of Overpayments

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Grants Management

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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

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DHS State-Funded Nonprofit Grant Expenditures 2018-2022

Amount of

\$436 million Grant Funding Expended:

Number of

592 Nonprofit Grantee Organizations:

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Grant Award Processes (2024): Key Findings

DHS did not comply with requirements related to:

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

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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

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

Requirement:

Evaluate financial stability of grants > \$25,000

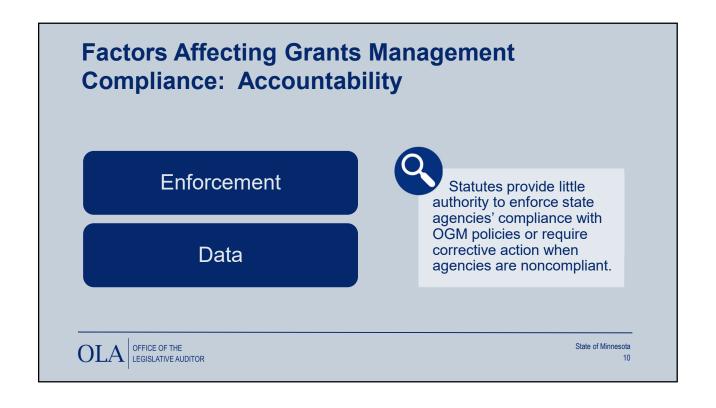
Finding:

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

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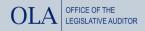




Oversight of State-Funded Grants to Nonprofit Organizations (2023): Recommendations

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.



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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.



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Oversight of Grantees

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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

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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

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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

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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



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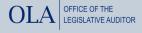
Senior Nutrition Program (2023): Area Agencies on Aging Conducted Inconsistent Monitoring

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



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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

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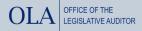
Recovery of Overpayments

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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	<u>11.3</u>
Total Provider Debt	2,557	\$51.7



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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



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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



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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



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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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