

**Minutes**  
**AUDIT SUBCOMMITTEE**  
**Legislative Audit Commission**  
**October 11, 2018**

Members Present:

Senator Ann H. Rest  
Representative Sondra Erickson  
Representative Tina Liebbling

Other Members Present:

Senator Mary Kiffmeyer  
Representative Rick Hansen  
Representative Nels Pierson

Members Absent:

Senator Michelle Benson

Senator Ann Rest called the Legislative Audit Commission (LAC) Audit Subcommittee meeting to order at 9:05 a.m. The purpose of the meeting was to hear an update on the Financial Audit Division (FAD), to hear briefings on recently released FAD reports, and to release a financial audit, *MinnesotaCare Eligibility*.

Jim Nobles, Legislative Auditor, gave a brief overview of the Financial Audit Division. Mr. Nobles then turned to Chris Buse, Deputy Legislative Auditor for FAD, to continue the presentation. Mr. Buse introduced Valerie Bombach, FAD Audit Director, who would also be discussing the first two reports.

Mr. Buse gave a briefing on the two health care programs eligibility reports: (1) *Medical Assistance Eligibility: People Age 65 or Older and People Who Are Blind or Have a Disability* and (2) *MinnesotaCare Eligibility*. Mr. Buse said there was a legislative mandate by the Legislature to audit health care programs. For the Medical Assistance Eligibility report, Mr. Buse indicated that during calendar year 2017, nearly 1.5 million Minnesota citizens received assistance through public health care programs; program expenditures exceeded \$12 billion. Valerie Bombach continued the report presentation. She indicated that the Department of Human Services (DHS) and the counties generally complied with the requirements. However, there were two noncompliant findings in this report regarding county agencies needing to properly verify reported assets when determining eligibility. Senator Rest questioned why there was noncompliance. Ms. Bombach indicated that accounting errors and inadequate documentation were primarily the problems. In addition, state law regarding burial expenses was a common error, possibly due to the laws and policies being complicated. Representative Erickson asked if more training for counties through DHS is needed, and Ms. Bombach indicated, "yes."

Ms. Bombach then introduced the second health care programs eligibility report, *MinnesotaCare Eligibility*. Ms. Bombach indicated that the Office of the Legislative Auditor was required to study assets of enrollees. The report concluded that DHS determined eligibility correctly, but provided coverage to some enrollees who did not meet eligibility criteria at some point during the year. Ms. Bombach presented the recommendation on MinnesotaCare.

Senator Rest asked if someone from DHS was present to discuss the report. Chuck Johnson, DHS Deputy Commissioner was present. Mr. Johnson stated that he was pleased that DHS generally complied with policies. DHS is working on improvements. He indicated that they would start quarterly mailings to help individuals know what assets need to be reported. A field test was started in July for a pilot project. There was going to be a redesign of interface for proper eligibility in the Minnesota Eligibility Technology System (METS).

The next report that Mr. Buse, along with Tracy Gebhard, FAD Audit Director, presented was Minnesota Management and Budget's (MMB) *Shared Business Systems Cost Management*. Mr. Buse stated that the investment in shared business systems has been almost \$400 million since the mid-1990s.

The finding in the report stated that MMB did not have a comprehensive funding plan for its shared business systems. The report recommended that MMB work with MNIT to develop long-term cost data, work with legislative committees to develop a reliable funding model. The report also recommended that before appropriating money for new business systems, legislative committees should gain an understanding of the long-term funding model. Mr. Buse stated that the last recommendation is important to the Legislature.

Cindy Farrell, Assistant Commissioner at MMB, was present to discuss the report. Ms. Farrell stated that MMB is committed to working with the Legislature for continued operations of combined business systems. Senator Kiffmeyer stated that it is MMB and MNIT's responsibility to develop long term cost data for the Legislature.

Judy Randall, Deputy Legislative Auditor for the Program Evaluation Division, presented the report *Information and Telecommunications Account*, along with Ms. Gebhard. Ms. Randall stated that if state agencies have leftover money, the money can be transferred to the Odyssey Fund. In 2007, the fund was at \$79 million; \$56 million was spent; and \$23 million remains, with \$18 million unspecified. Ms. Gebhard discussed the findings and recommendations in this report. John Eichten, MNIT Deputy Commissioner, stated they will strengthen the oversight with policies. Mr. Eichten stated that MNIT will be preparing an updated report to Chair Anderson and Senator Kiffmeyer.

Ms. Randall then discussed the report, *MNLARS Transaction Accuracy*, along with Scott Tjomsland, FAD Audit Director. Ms. Randall stated that while costs are still growing, MNLARS has cost more than \$90 million. Mr. Tjomsland presented an overview of the findings. John Eichten from MNIT Services responded on MNLARS accuracy. He indicated that all levels of a transaction need work; defects will be resolved; and the vast majority of problems are not IT-related. Ms. Randall stated that Edit ability by deputy registrars caused many discrepancies. Senator Kiffmeyer inquired whether there was anyone from the Department of Public Safety available to discuss this report, and there was no present from the department.

Jim Nobles concluded the meeting to say that there would soon be a new election, with a new administration, and new department heads. He stated that the new department heads will get prior recommendations noted for their agency.

Senator Rest adjourned the meeting at 11:24 a.m.

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Senator Ann H. Rest, Audit Subcommittee Chair

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Mary Moser, Recording Secretary