

1.1 **Senator Xiong from the Committee on State and Local Government, to which was**  
1.2 **re-referred**

1.3 **S.F. No. 856:** A bill for an act relating to state government; creating the Office of the  
1.4 Inspector General; creating an advisory committee; requiring reports; transferring certain  
1.5 agency duties; appropriating money; amending Minnesota Statutes 2024, sections 3.971,  
1.6 by adding a subdivision; 15A.0815, subdivision 2; 142A.03, by adding a subdivision;  
1.7 142A.12, subdivision 5; 144.05, by adding a subdivision; 245.095, subdivision 5; 256.01,  
1.8 by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 15D;  
1.9 repealing Minnesota Statutes 2024, sections 13.321, subdivision 12; 127A.21.

1.10 Reports the same back with the recommendation that the bill be amended as follows:

1.11 Page 1, line 17, after the period, insert "The legislative auditor may coordinate reviews  
1.12 and investigations with the inspector general when coordination conserves resources and  
1.13 does not compromise the reviews or investigations."

1.14 Page 4, line 16, delete the second "or" and after the second "heads" insert ", governors,  
1.15 or legislators"

1.16 Page 4, line 29, after "Hearings" insert "after a public hearing conducted by the Legislative  
1.17 Inspector General Advisory Commission"

1.18 Page 5, line 2, delete "Except as provided under"

1.19 Page 5, line 3, delete everything before "the" and delete "for" and insert "to"

1.20 Page 5, line 4, delete "conducting" and insert "conduct"

1.21 Page 5, line 5, after "fraud" insert "and misuse"

1.22 Page 5, line 6, delete everything after "programs" and insert "to prevent fraud and misuse"

1.23 Page 5, line 7, delete "efficiency" and delete "state" and insert "public" and after "funds"  
1.24 insert ", data, and systems"

1.25 Page 5, line 8, delete "referring" and insert "refer"

1.26 Page 5, line 10, delete "recommending" and insert "recommend"

1.27 Page 5, line 12, delete "publishing" and insert "publish"

1.28 Page 5, line 14, delete "investigating" and insert "investigate"

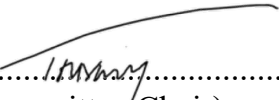
1.29 Page 5, line 17, delete "submitting" and insert "submit"

1.30 Page 5, line 20, delete "alerting" and insert "at the inspector general's discretion, seek a  
1.31 court order to freeze or stop distribution of public funds, or alert"

1.32 Page 5, line 23, after "funds" insert ", with notice to the appropriate law enforcement  
1.33 agencies"

- 2.1 Page 5, line 24, delete "establishing and maintaining" and insert "establish and maintain"
- 2.2 Page 5, line 25, after "has" insert "obtained a court order to freeze or cease distribution  
2.3 of funds or"
- 2.4 Page 5, line 26, delete "The"
- 2.5 Page 5, delete lines 27 to 29
- 2.6 Page 5, delete subdivision 2 and insert:
- 2.7 "Subd. 2. **Relationship to powers and duties of other agencies.** (a) The inspector  
2.8 general has authority to investigate fraud and misuse of public funds across all programs  
2.9 administered by state agencies.
- 2.10 (b) The inspector general may perform its duties and apply its authority without obtaining  
2.11 approval from another agency.
- 2.12 (c) The Department of Human Services has primary responsibility to investigate fraud  
2.13 in the Medicaid program, but the inspector general has authority to conduct independent  
2.14 investigations related to Medicaid fraud as necessary.
- 2.15 (d) The Department of Children, Youth, and Families has primary responsibility to  
2.16 investigate fraud in the child care assistance program, but the inspector general has authority  
2.17 to conduct independent investigations related to the child care assistance program.
- 2.18 (e) The Department of Health has primary responsibility to investigate fraud related to  
2.19 women, infants, and children (WIC) and food support programs, but the inspector general  
2.20 has authority to conduct independent investigations related to WIC and food support  
2.21 programs.
- 2.22 (f) The inspector general has concurrent authority over general compliance reviews,  
2.23 information technology security audits, or administrative program integrity assessments  
2.24 that are related to fraud or misuse.
- 2.25 (g) The inspector general must refer all reports from the public about potential fraud or  
2.26 misuse to the legislative auditor. The inspector general may coordinate investigations with  
2.27 the legislative auditor when coordination conserves resources and does not compromise an  
2.28 investigation."
- 2.29 Page 9, line 8, delete everything after the comma
- 2.30 Page 9, line 9, delete everything before "as"
- 2.31 Page 14, line 10, delete everything after "Services"

- 3.1 Page 14, line 11, delete everything before the period
- 3.2 Page 14, line 15, delete everything after "responsibilities" and insert a period
- 3.3 Page 14, delete line 16 and insert "The agency and the inspector general may coordinate
- 3.4 investigative efforts as necessary or practical, but an interagency agreement must not
- 3.5 diminish, delay, or restrict the inspector general's ability to investigate fraud and misuse."
- 3.6 Page 14, line 18, delete everything after "Families"
- 3.7 Page 14, line 19, delete everything before the period
- 3.8 Page 14, line 23, delete everything after "responsibilities" and insert a period
- 3.9 Page 14, delete line 24 and insert "The agency and the inspector general may coordinate
- 3.10 investigative efforts as necessary or practical, but an interagency agreement must not
- 3.11 diminish, delay, or restrict the inspector general's ability to investigate fraud and misuse."
- 3.12 Page 14, delete lines 25 to 29
- 3.13 And when so amended the bill do pass and be re-referred to the Committee on Rules
- 3.14 and Administration. Amendments adopted. Report adopted.

3.15 ..........  
3.16 (Committee/Chair)

3.17 March 20, 2025.....  
3.18 (Date of Committee recommendation)