

1.1 Senator moves to amend S.F. No. 856 as follows:

1.2 Page 4, delete section 6 and insert:

1.3 "Sec. 6. **[15D.04] POWERS AND DUTIES.**

1.4 Subdivision 1. **Authorized powers and responsibilities.** Except as provided under
1.5 subdivision 2, the inspector general is authorized and responsible for:

1.6 (1) conducting inspections, evaluations, and investigations of state executive branch
1.7 agencies and programs according to professional auditing standards to: (i) identify fraud,
1.8 abuse, and inefficiencies; (ii) make recommendations for changes to programs for improving
1.9 effectiveness and efficiency; and (iii) protect the integrity of the use of state funds;

1.10 (2) referring matters for civil, criminal, or administrative action to the Bureau of Criminal
1.11 Apprehension, the attorney general's office, or other appropriate authorities;

1.12 (3) recommending legislative or policy changes to improve program efficiency and
1.13 effectiveness;

1.14 (4) publishing reports on completion of an audit or investigation summarizing findings,
1.15 recommendations, and outcomes of the inspector general's activities;

1.16 (5) establishing a specialized division within the Office of the Inspector General to
1.17 investigate fraud and abuse involving state law enforcement and public safety programs.
1.18 This division shall ensure that investigations are independent and distinct from the roles of
1.19 the attorney general or Department of Public Safety;

1.20 (6) investigating any public or private entity that receives public funds to ensure
1.21 compliance with applicable laws, proper use of funds, and adherence to program
1.22 requirements;

1.23 (7) submitting an annual report summarizing the work of the office to the Legislative
1.24 Inspector General Advisory Commission and make the report publicly available by posting
1.25 the report on the inspector general's website; and

1.26 (8) alerting relevant commissioners or heads of agencies on an emergency basis before
1.27 an investigation is concluded that the inspector general has a reasonable suspicion that fraud
1.28 or abuse is being committed, with a recommendation to freeze or cease distribution of funds.

1.29 Subd. 2. **Exceptions.** (a) The inspector general does not have jurisdiction over Medicaid
1.30 fraud and abuse investigations, program integrity reviews related to Medicaid, background
1.31 studies conducted by the Department of Human Services under chapter 245C, or human
1.32 services licensing under chapter 245A. Any complaints or tips received by the inspector

2.1 general relating to such functions must be referred to the appropriate division within the
2.2 Department of Human Services in accordance with paragraph (d).

2.3 (b) The inspector general does not have jurisdiction over child care assistance program
2.4 fraud investigations, program integrity reviews related to the child care assistance program,
2.5 or children, youth, and families licensing under chapter 142B. Any complaints or tips
2.6 received by the inspector general relating to such functions must be referred to the appropriate
2.7 division within the Department of Children, Youth, and Families in accordance with
2.8 paragraph (d).

2.9 (c) The inspector general does not have jurisdiction over general compliance reviews,
2.10 information technology security audits, or administrative program integrity assessments
2.11 that are not related to fraud or abuse. These functions must stay with the respective agencies.

2.12 (d) The inspector general must not investigate a tip or information provided by a
2.13 third-party related to functions described in paragraphs (a) and (b). The inspector general
2.14 must promptly notify the commissioners of human services and children, youth, and families
2.15 of such tip or information and consult with the commissioner as to the inspector general's
2.16 responsibilities and authority with respect to any resulting investigation.

2.17 **EFFECTIVE DATE.** This section is effective January 1, 2026."

2.18 Page 7, line 4, delete "or"

2.19 Page 7, line 6, delete the period and insert "; or"

2.20 Page 7, after line 6, insert:

2.21 "(3) the commissioner of human services or the commissioner children, youth, and
2.22 families if the data are subject to section 15D.04, subdivision 2."

2.23 Page 7, line 12, after "investigation" insert "by the inspector general or another
2.24 government entity"

2.25 Page 8, after line 3, insert:

2.26 "Subd. 6. **Departments of Human Services and Children, Youth, and Families.** Data
2.27 relating to complaints or tips that are subject to section 15D.04, subdivision 2, are private
2.28 data on individuals or nonpublic data."

2.29 Page 12, delete lines 2 and 3 and insert:

2.30 "(4) legal counsel's office;

2.31 (5) data services, analytics, and insights division;"

3.1 Page 12, line 4, delete "and"

3.2 Page 12, line 6, delete the period and insert "; and"

3.3 Page 12, after line 6, insert:

3.4 "(8) functions of the fraud prevention investigations team in the program integrity
3.5 oversight division related to Medicaid and MinnesotaCare."

3.6 Page 12, after line 12, insert:

3.7 "(d) Positions in the following divisions and teams in the Department of Children, Youth,
3.8 and Families will not transfer to the Office of the Inspector General:

3.9 (1) licensing; and

3.10 (2) child care assistance program."

3.11 Page 12, after line 20, insert:

3.12 "Sec. 15. **INTERAGENCY AGREEMENTS.**

3.13 (a) By December 31, 2026, the Office of the Inspector General must enter into an
3.14 interagency agreement with the Department of Human Services that governs how potential
3.15 similar or duplicative investigations will be handled. The interagency agreement must
3.16 include a clause on cost-sharing for investigations that may require multiagency coordination
3.17 and a clause that details what process will be followed if a joint investigation is required.
3.18 The interagency agreement must not limit the inspector general's authority or authorized
3.19 powers and responsibilities pertaining to any investigation of the Department of Human
3.20 Services.

3.21 (b) By December 31, 2026, the Office of the Inspector General must enter into an
3.22 interagency agreement with the Department of Children, Youth, and Families that governs
3.23 how potential similar or duplicative investigations will be handled. The interagency
3.24 agreement must include a clause on cost-sharing for investigations that may require
3.25 multiagency coordination and a clause that details what process will be followed if a joint
3.26 investigation is required. The interagency agreement must not limit the inspector general's
3.27 authority or authorized powers and responsibilities pertaining to any investigation of the
3.28 Department of Children, Youth, and Families."

3.29 Page 12, before line 23, insert:

4.1 "Section 1. Minnesota Statutes 2024, section 142A.03, is amended by adding a subdivision
4.2 to read:

4.3 Subd. 35. **Office of the Inspector General; reports.** The commissioner must submit
4.4 final investigative reports to the inspector general, serving under section 15D.01, for any
4.5 investigation conducted by the commissioner into fraud or abuse, as defined in section
4.6 15D.02, within the child care assistance program.

4.7 Sec. 2. Minnesota Statutes 2024, section 256.01, is amended by adding a subdivision to
4.8 read:

4.9 Subd. 44. **Office of the Inspector General; reports.** The commissioner must submit
4.10 final investigative reports to the inspector general, serving under section 15D.01, for any
4.11 investigation conducted by the commissioner into fraud or abuse, as defined in section
4.12 15D.02, within the Medicaid program."

4.13 Page 12, line 24, after the first comma, insert "section 6, subdivision 2, and"

4.14 Page 13, line 4, after the second comma, insert "section 6, subdivision 2, and"

4.15 Renumber the sections in sequence and correct the internal references

4.16 Amend the title accordingly