

# **UPDATE**

## **Office of the Legislative Auditor**

**February 3, 2020**

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### **Program Evaluation Division**

#### **Evaluations in Process**

OLA's Program Evaluation Division staff are finalizing evaluations of six topics selected for review by the Legislative Audit Commission. OLA will release reports resulting from these evaluations in February and early March. The reports will address the following programs and organizations:

- Compensatory Education Revenue
- Department of Human Rights: Complaint Resolution Process
- DHS Oversight of Personal Care Assistance
- Pesticide Regulation
- Public Utilities Commission's Public Engagement Processes
- Safety in State Correctional Facilities

#### **Past Evaluation Follow-Up Reviews**

OLA's Program Evaluation Division periodically reviews what actions agencies and the Legislature have taken to address issues identified in previously released evaluation reports. We then prepare a one-page update that highlights "action taken" and "action needed." We have enclosed updates on the following past evaluation reports:

- Debt Service Equalization for School Facilities
- Early Childhood Programs
- Economic Development and Housing Challenge (EDHC) Program
- Guardian ad Litem Program
- MnDOT Measures of Financial Effectiveness
- Minnesota State Arts Board Grant Administration
- Office of Minnesota Information Technology Services (MNIT)
- Public Facilities Authority: Wastewater Infrastructure Programs

## **Financial Audit Division**

OLA's Financial Audit Division staff recently completed an annual audit of the State of Minnesota's Financial Statements. OLA is legally obligated to audit the statements each year and determine whether they fully and fairly present the state's financial condition and activities according to Generally Accepted Accounting Principals for government. In addition, the division recently issued the following audit reports:

- Department of Health: Office of Medical Cannabis
- Regenerative Medicine Minnesota

## **Audits in Process**

The division is currently fulfilling a federal mandate commonly called the "Federal Single Audit." By law, states and other recipients of federal funds must have an annual independent audit of programs selected for audit by the Office of Management and Budget (OMB). OMB also prescribes many aspects of the audit's scope and methods. If OLA did not annually conduct the Single Audit, the state would be required to hire an outside audit firm to fulfill the federal mandate.

In addition, the division is working on several audits of individual state agencies and programs as part of our ongoing efforts to fulfill the requirements of various state laws. One of those laws says, for example: "The legislative auditor shall make a constant audit of all financial affairs of all departments and agencies of the state." Given our level of staffing and the other audits we must conduct each year, the best we can do to fulfill this mandate is to select a handful of agencies and programs to audit each year. These are the audits we are currently conducting:

- Department of Administration's Small Agency Resource Team (SMART Program)
- Department of Corrections MINNCOR Industries
- Department of Human Services: Minnesota Eligibility Technology System (METS)
- Department of Natural Resources State Park Revenues
- Department of Public Safety Bulk Data Sales
- Disaster Recovery Strategies for Critical IT Systems
- Managed Care Organizations: Reporting of Mental Health and Dental Claims Encounter Data
- Minnesota Vehicle Title and Registration System
- State Services for Persons with Hearing or Vision Disabilities

We will release reports resulting from these audits in March and April.

## **Special Reviews**

Throughout the year, OLA receives a significant number of allegations and requests for investigations. We assess each one to determine what action OLA should take. In making that determination, we consider jurisdiction, need, timing, potential scope, and impact on other OLA responsibilities. We are currently conducting preliminary assessments of several allegations that legislators, executive officials, and citizens have brought to our attention.

In addition to conducting the preliminary assessments, we have these special reviews in process:

- Administration of School Trust Land.
- MnDOT's oversight of limousines, tour buses, and passenger vehicles that provide services for elderly and disabled persons.
- Minnesota Pollution Control Agency: Regulation of the Water Gremlin Company.
- Protections for state employee whistleblowers.

## **Monitoring PolyMet Mining Permit Issue**

Several environmental organizations have alleged there were procedural irregularities in the way the Minnesota Pollution Control Agency (MPCA) handled comments from the U.S. Environmental Protection Agency (EPA) on an MPCA draft permit for the PolyMet mining project in St. Louis County. The organizations also alleged that MPCA officials unlawfully deleted certain key e-mails between MPCA and EPA about when EPA should submit comments about MPCA's proposed PolyMet permit. Several legislators asked OLA to review these allegations.

Rather than initiate an immediate review, however, OLA is closely monitoring the fact-finding hearings the Minnesota Court of Appeals ordered the Ramsey District Court to conduct into the alleged irregularities. Ramsey County Chief Judge John Guthmann is presiding over the hearings and, at the conclusion, he will submit a report to the Court of Appeals.

OLA has attended several of Judge Guthmann's day-long hearings and will obtain and review a copy of his report to the Court of Appeals. OLA will then monitor the Court of Appeals hearings and decision, as well as appeals to the Minnesota Supreme Court if they occur. At the conclusion of these extensive judicial processes, we will decide if there is a need for any additional fact-finding by OLA.