

**STATEWIDE AUDIT
OFFICE OF THE ATTORNEY GENERAL
MANAGEMENT LETTER
YEAR ENDED JUNE 30, 1985**

JANUARY 1986



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

The Honorable Hubert H. Humphrey III
Attorney General, State of Minnesota
Office of the Attorney General
Room 102 Capitol Building
St. Paul, Minnesota 55155

Dear Mr. Humphrey:

We have reviewed certain accounting procedures and controls for your department as part of our statewide audit of the State of Minnesota's fiscal year 1985 financial statements and federal programs. The scope of our work has been limited to a follow up of recommendations made last year for a federal program included in the Single Audit scope, the State Medicaid Fraud Control Unit (CFDA #13.775).

We emphasize that this has not been a complete financial and compliance audit of all programs within your department. However, the Single Audit coverage satisfies the federal government's financial and compliance audit requirements for all federal programs administered by your department in fiscal year 1985.

Attached is a summary of the progress made on the audit recommendations developed during our previous statewide audit. No recommendations were developed during this review and all prior recommendations have been implemented. The federal government is ultimately responsible for determining resolution of Single Audit recommendations. The appropriate federal program agency staff will contact your agency to review your efforts toward corrective actions for prior years. They will also notify you of their resolution.

Thank you for the cooperation extended our staff during this audit.

Sincerely,

A handwritten signature in dark ink, appearing to read "James R. Nobles".

James R. Nobles
Legislative Auditor

A handwritten signature in dark ink, appearing to read "John Asmussen".

John Asmussen, CPA
Deputy Legislative Auditor

Attachment

January 22, 1986

OFFICE OF THE ATTORNEY GENERAL

Attachment

STATUS OF PRIOR AUDIT RECOMMENDATIONS
AND

PROGRESS TOWARD IMPLEMENTATION

Payroll costs unrelated to the current investigation of Medicaid fraud were charged to the State Medicaid Fraud Control Unit Grant (#13.775).

1. After receiving approval from the Department of Health and Human Services, written policies and procedures should be developed to ensure that Medicaid fraud unit employees work full time on Medicaid fraud cases, and that any work on state projects is in addition to the 80 hours per pay period worked on Medicaid fraud cases. The procedures should include adequate provisions for review of time reports to ensure compliance with the written policies.

Recommendation Implemented. No written policies and procedures were developed. However, our review indicated that timesheets were being adequately reviewed by the director to ensure that Medicaid Fraud Division employees work full time on Medicaid fraud cases. In addition, the director received verbal approval on March 6, 1985, from the HHS Office of Inspector General (OIG), for himself and another attorney to spend a limited time on non-Medicaid fraud cases to gain criminal trial experience as most Medicaid fraud cases are settled without a court trial.

Since approval was received from the OIG and timesheets are closely examined by the director, we consider this recommendation as being implemented. This implementation has not yet received final acceptance by the federal government.

Some Financial Status Reports were not adequately supported by source documentation.

2. The Attorney General's Office should ensure that entries on federal reports are supported by adequate documentation.

Recommendation Implemented. The financial status reports for the periods ending March 31, 1985 (submitted April 23, 1985), and June 30, 1985, were adequately supported by worksheets, and entries could be traced to Statewide Accounting expenditure reports. This implementation has not yet received final acceptance by the federal government.