

# Hometown Heroes Assistance Program

Special Review  
August 31, 2023

OLA | OFFICE OF THE  
LEGISLATIVE AUDITOR



## Hometown Heroes Assistance Program History

- Legislature established in 2021
- \$4 million per year to MnFIRE
- Fiscal Year 2022: Office of Justice Programs (OJP)
- Fiscal Year 2023: State Fire Marshal Division (SFMD)

OLA | OFFICE OF THE  
LEGISLATIVE AUDITOR

State of Minnesota  
2

## Hometown Heroes Assistance Program Purpose



Establish and fund a critical illness monetary support program



Develop a psychotherapy program



Coordinate additional psychotherapy sessions



Develop, update, and provide training on critical illnesses and emotional trauma

## Issues Covered Today

1. DPS's oversight of the Hometown Heroes grant
2. MnFIRE's compliance with procurement requirements
3. Ethical conduct issues
4. Oversight of Fire Safety Account allocations

## Issues Covered Today

- 1. DPS's oversight of the Hometown Heroes grant**
2. MnFIRE's compliance with procurement requirements
3. Ethical conduct issues
4. Oversight of Fire Safety Account allocations

## Risk assessment did not identify problems that later became apparent

- Assessment flagged areas of potential risk
- MnFIRE's 2020 revenues were 6 percent of Hometown Heroes grant
- MnFIRE was unable to pay its bills in summer 2022

## **Staff roles for the grant's oversight were not clearly defined**

- One person was the state's authorized representative, and another person was the grant manager
- No DPS employee carefully scrutinized payment requests or progress reports

## **Grant payments were made in advance, rather than as reimbursements**

- Mechanism for ensuring that taxpayer funds are being used as intended
- No written and approved justification exists

## No timely monitoring visits or financial reconciliations

- Can help evaluate grantees' progress and use of funds
- Grant should have had at least two monitoring visits and financial reconciliations, one of each in each year
- Risk level of grantee should have prompted frequent monitoring

## Recommendations

- ✓ DPS should ensure that its pre-award risk assessments are sufficiently thorough.
- ✓ DPS should ensure that the state's authorized representative reviews grantee payment requests in accordance with state grant policy.

## Recommendations

- ✓ DPS should ensure grant payments are made as reimbursements, rather than advance payments, unless it has approved a written justification for doing so.
- ✓ DPS should ensure that it conducts monitoring visits and financial reconciliations in accordance with state grant policy.

## Our review identified concerning issues

- DPS reimbursed MnFIRE for expenses not allowed under state law and OJP's grant manual
- Unable to verify payments for over two-thirds of our sample
- ✓ DPS should conduct a full audit of MnFIRE's requests for payment for expenses it charged to the Hometown Heroes grant.

## Issues Covered Today

1. DPS's oversight of the Hometown Heroes grant
- 2. MnFIRE's compliance with procurement requirements**
3. Ethical conduct issues
4. Oversight of Fire Safety Account allocations

## MnFIRE's procurements did not comply with legal requirements we reviewed

- Requirements provided in grant agreement
- MnFIRE procured some services without entering into written contracts
- MnFIRE entered into multiple contracts without following required solicitation procedures

## DPS did not monitor and enforce MnFIRE's compliance with procurement requirements

- ✓ MnFIRE should comply with state grant requirements related to procurement.
- ✓ DPS should ensure that grantees properly understand procurement requirements, and it should monitor and enforce compliance with those requirements.

## Issues Covered Today

1. DPS's oversight of the Hometown Heroes grant
2. MnFIRE's compliance with procurement requirements
- 3. Ethical conduct issues**
4. Oversight of Fire Safety Account allocations



## **Chief Deputy State Fire Marshal violated state ethical conduct policies**

- Between December 2018 and February 2023, MnFIRE paid Swenson for 52 two-hour courses
- Total payment of about \$11,400 plus gifts

## **Chief Deputy State Fire Marshal violated state ethical conduct policies**

- Swenson at least indirectly oversaw DPS grants to MnFIRE
- Swenson's relationship with MnFIRE created, at a minimum, the appearance of a lack of independence
- Some of the training Swenson provided occurred during regular state work hours
- Swenson's state position is related to the training she provided through MnFIRE

## Recommendations

- ✓ The Chief Deputy State Fire Marshal should take immediate steps to remediate the violation of state ethical conduct policies, and should avoid situations in the future that would violate these laws and policies.
- ✓ DPS should work with Minnesota Management and Budget to take any additional necessary actions to address the misconduct.

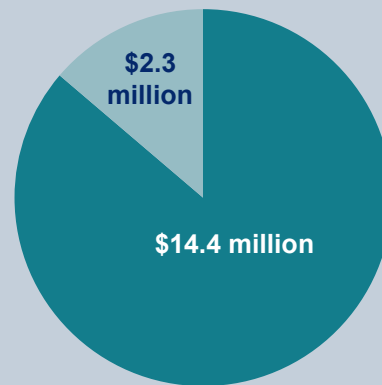
## Issues Covered Today

1. DPS's oversight of the Hometown Heroes grant
2. MnFIRE's compliance with procurement requirements
3. Ethical conduct issues
- 4. Oversight of Fire Safety Account allocations**

## Fire Safety Account

- Revenues from surcharges applied to certain insurance policies
- Fire Service Advisory Committee
- **Direct legislative appropriations**
- **DPS allocations based on committee recommendations**

Fiscal Year 2022 Allocations



## Types of Fire Safety Account Allocations

1. Legislative appropriations to units within DPS
2. DPS-commissioner-approved allocations to units within DPS or to other state agencies
3. DPS-commissioner-approved allocations to nonstate entities identified by the Fire Service Advisory Committee
4. Purchases of services for the direct benefit or use of the Fire Service Advisory Committee

## State law does not indicate whether allocations to nonstate entities are grants or purchases

- Fire Service Advisory Committee has not followed state grant requirements when selecting nonstate entities to receive funds
- DPS has not implemented any meaningful oversight of these funds
- Example: \$1 million partial loan to MnFIRE

## Recommendations

- ✓ The Fire Service Advisory Committee and DPS should strengthen their processes for awarding and overseeing allocations to nonstate entities from the Fire Safety Account.
- ✓ The Legislature should clearly indicate that allocations to nonstate entities from the Fire Safety Account should be regarded as grants.

## ***Hometown Heroes Assistance Program***

[www.auditor.leg.state.mn.us](http://www.auditor.leg.state.mn.us)