

1.1 moves to amend S.F. No. 856, the tenth engrossment, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 OFFICE OF THE INSPECTOR GENERAL

1.5 Section 1. [15E.10] OFFICE OF THE INSPECTOR GENERAL.

1.6 (a) The inspector general serves as an independent entity in the executive branch
1.7 responsible for ensuring accountability, transparency, and integrity in the operations of state
1.8 agencies and programs.

1.9 (b) In exercising the inspector general's powers and duties, the inspector general must
1.10 operate independently of all other state executive branch agencies and report directly to the
1.11 governor. Except as provided by law, the inspector general is not subject to direction or
1.12 interference from any executive or legislative authority.

1.13 (c) The inspector general shall direct an Office of the Inspector General.

1.14 (d) The inspector general serves in the unclassified service.

1.15 EFFECTIVE DATE. This section is effective January 1, 2027.

1.16 Sec. 2. [15E.15] DEFINITIONS.

1.17 For the purposes of this chapter, the following terms have the meanings given:

1.18 (1) "agency program" means a program funded or administered by a state department
1.19 or agency, including grants and contracts;

1.20 (2) "fraud" means an intentional or deceptive act or failure to act to gain an unlawful
1.21 benefit;

2.1 (3) "investigation" means a review or inquiry conducted by the inspector general to
2.2 detect or prevent fraud or misuse;

2.3 (4) "misuse" means improper use of authority or position for personal gain or to cause
2.4 harm to others, including the improper use of public resources or programs contrary to their
2.5 intended purpose;

2.6 (5) "person" means a natural person, partnership, corporation, association, or other legal
2.7 entity; and

2.8 (6) "personal gain" means a benefit to a person; to a person's spouse, parent, child, or
2.9 other legal dependent; or to an in-law of the person or the person's child.

2.10 **EFFECTIVE DATE.** This section is effective January 1, 2027.

2.11 **Sec. 3. [15E.20] INSPECTOR GENERAL.**

2.12 Subdivision 1. **Minimum qualifications.** (a) To be eligible to be appointed as inspector
2.13 general, a candidate must:

2.14 (1) have a bachelor's or higher degree in criminal justice, public administration, law, or
2.15 a related field;

2.16 (2) have at least ten years of professional experience in auditing, investigations, law
2.17 enforcement, or a related area;

2.18 (3) hold, or acquire within 15 months of appointment, a professional certificate from
2.19 the Association of Inspectors General, including Certified Inspector General or Certified
2.20 Inspector General Investigator; and

2.21 (4) demonstrate a commitment to safeguarding the mission of public service and provide
2.22 a public disclosure of prior professional opinions, positions, or actions that may influence
2.23 the candidate's approach to the role.

2.24 (b) Current or former commissioners, agency heads, deputy commissioners or agency
2.25 heads, governors, or legislators are not eligible to serve as inspector general within five
2.26 years of their service in those roles. A person elected to an office other than governor or
2.27 legislator is not eligible until ten years after the end of service in an elected position.

2.28 Subd. 2. **Appointment.** The Legislative Inspector General Advisory Commission must
2.29 recommend candidates for inspector general after a competitive process from among eligible
2.30 applicants for the position of inspector general. To be recommended by the commission, a
2.31 candidate must be approved for recommendation by five of the eight members of the
2.32 commission. The commission must assess eligible candidates based on qualifications,

3.1 including experience in auditing, financial analysis, public administration, law enforcement,
3.2 or related fields. The inspector general is appointed by the governor, after consideration of
3.3 recommendations from the Legislative Inspector General Advisory Commission, with
3.4 confirmation by a vote of three-fifths of the senate. Section 15.066, subdivision 3, does not
3.5 apply. The governor may appoint a qualified applicant who was not recommended by the
3.6 commission.

3.7 Subd. 3. **Term.** The inspector general serves a five-year term and may be appointed to
3.8 unlimited additional terms. An appointment to an additional term must be confirmed by a
3.9 vote of three-fifths of the senate.

3.10 Subd. 4. **Vacancy.** The Legislative Inspector General Advisory Commission must provide
3.11 recommendations to the governor for appointment to fill a vacancy in the position of the
3.12 inspector general within 90 days of a vacancy occurring or within 60 days of being advised
3.13 by the inspector general that a vacancy is expected to occur. The governor must appoint an
3.14 inspector general within 30 days of receiving recommendations from the Legislative Inspector
3.15 General Advisory Commission or within 45 days of expiration of the 90- or 60-day period
3.16 if the advisory commission does not provide recommendations within the time allotted.

3.17 Subd. 5. **Disclosure.** A candidate considered by the Legislative Inspector General
3.18 Advisory Commission or selected for appointment by the governor must disclose all political
3.19 affiliations, appointments, campaign work, or partisan activities prior to confirmation.

3.20 Subd. 6. **Nonpartisanship.** The inspector general, and all employees of the office, must
3.21 perform duties of the office without regard to partisan preferences or influences. While
3.22 -serving, the inspector general, and all employees of the office, may not engage in partisan
3.23 activities, campaign work, or public political speech, unless protected by the state or federal
3.24 constitution.

3.25 Subd. 7. **Removal.** The inspector general may only be removed by the governor before
3.26 the expiration of the term for cause after a public hearing conducted by the governor and
3.27 with the approval of three-fifths of the senate and three-fifths of the house of representatives.

3.28 **EFFECTIVE DATE.** This section is effective January 1, 2027.

3.29 Sec. 4. **[15E.25] DUTIES AND POWERS.**

3.30 Subdivision 1. **Duties.** The inspector general must:

3.31 (1) establish standards and best practices concerning the operation, investigations, and
3.32 fraud prevention processes of agency inspectors general, and periodically review agency

4.1 compliance with these standards and best practices. Agencies must follow standards
4.2 developed by the inspector general under this clause;

4.3 (2) support the work of agency inspectors general, as well as program integrity staff in
4.4 those agencies that do not have their own inspector general. The inspector general may
4.5 conduct an inspection at the request of an agency, with priority given to agencies that do
4.6 not have their own inspector general;

4.7 (3) facilitate information sharing between agencies, including coordinating investigations
4.8 that involve multiple agencies and designating a lead agency, coordinating and assisting
4.9 agency identification and review of suspicious documents and data anomalies, and alerting
4.10 other agencies when a person suspected of committing fraud against any agency program
4.11 may also be participating in, or applying to participate in, a program administered by another
4.12 agency;

4.13 (4) evaluate the performance of agency inspectors general and recommend improvements,
4.14 as needed, to the agency's commissioner or head and inspector general. A commissioner or
4.15 head that receives a recommendation under this clause must report annually to the chairs
4.16 and ranking minority members of the legislative committees with jurisdiction over the
4.17 agency regarding the agency's implementation of the inspector general's recommendations
4.18 until the inspector general notifies the commissioner or head and the chairs and ranking
4.19 members that the recommendation was resolved in a satisfactory manner;

4.20 (5) establish appropriate pre-payment review procedures for all agencies;

4.21 (6) investigate, at the inspector general's discretion, any public or private entity that
4.22 receives public funds to ensure compliance with applicable laws, proper use of funds, and
4.23 adherence to program requirements;

4.24 (7) conduct inspections, evaluations, and investigations of state executive branch agencies,
4.25 with a focus on publicly funded programs and services, to: (i) identify fraud and misuse;
4.26 (ii) recommend changes to programs to prevent fraud and misuse; and (iii) protect the
4.27 integrity of the use of public funds, data, and systems;

4.28 (8) refer matters for civil, criminal, or administrative action to the Bureau of Criminal
4.29 Apprehension, the attorney general's office, or other appropriate authorities;

4.30 (9) recommend legislative or policy changes to improve program oversight;

4.31 (10) publish reports upon completion of an investigation summarizing findings,
4.32 recommendations, and outcomes of the inspector general's activities;

5.1 (11) submit an annual report summarizing the work of the office to the Legislative
5.2 Inspector General Advisory Commission and make the report publicly available by posting
5.3 the report on the inspector general's website;

5.4 (12) alert relevant commissioners or agency heads when the inspector general has a
5.5 credible allegation that fraud or misuse is being committed, whether or not the inspector
5.6 general is conducting an investigation, as provided in subdivision 3; and

5.7 (13) establish and maintain a current exclusion list in a format readily accessible to
5.8 agencies that identifies each program and individual for which the inspector general has
5.9 obtained a court order to freeze or cease distribution of funds or made a recommendation
5.10 under clause (12) to freeze or cease distribution of funds.

5.11 Subd. 2. **Relationship to powers and duties of other agencies.** (a) The inspector general
5.12 has authority to investigate fraud and misuse of public funds across all programs administered
5.13 by state agencies. The inspector general may direct and evaluate an agency's review or
5.14 inquiry when the review or inquiry concerns suspected fraud or misuse.

5.15 (b) The inspector general may perform the inspector general's duties and apply the
5.16 inspector general's authority without obtaining approval from another agency.

5.17 (c) The Department of Human Services has primary responsibility to investigate fraud
5.18 in the Medicaid program, but the inspector general has authority to conduct independent
5.19 investigations related to the Medicaid program as necessary.

5.20 (d) The Department of Children, Youth, and Families has primary responsibility to
5.21 investigate fraud in the child care assistance program and the great start compensation
5.22 support payment program, but the inspector general has authority to conduct independent
5.23 investigations related to the child care assistance program and the great start compensation
5.24 support payment program.

5.25 (e) The Department of Health has primary responsibility to investigate fraud related to
5.26 women, infants, and children (WIC) and food support programs, but the inspector general
5.27 has authority to conduct independent investigations related to WIC and food support
5.28 programs.

5.29 (f) The inspector general must refer all credible reports from the public about potential
5.30 fraud or misuse to the legislative auditor, and to the commissioner of human services for
5.31 reports related to Medicaid. The inspector general may coordinate investigations with the
5.32 legislative auditor, and the commissioner of human services for investigations related to
5.33 Medicaid, when coordination conserves resources and does not compromise an investigation.

6.1 (g) The Department of Information Technology Services shall provide services to the
6.2 Office of the Inspector General, under a managed services contract, according to section
6.3 16E.016.

6.4 (h) The commissioner or head of an agency with its own inspector general must obtain
6.5 written approval from the inspector general appointed under section 15E.20 before
6.6 discharging, demoting, or otherwise removing an individual from the position.

6.7 **Subd. 3. Alerting agency of issue; seeking a court order to freeze funds.** (a) If the
6.8 agency does not have primary investigative authority under subdivision 2, the inspector
6.9 general shall investigate and, if the inspector general has a credible allegation that fraud or
6.10 misuse is occurring, then the inspector general may, at the inspector general's discretion,
6.11 alert the commissioner or agency head and seek a court order to freeze or stop distribution
6.12 of public funds, including any applicable due process and appeal rights, working in
6.13 cooperation with the agency where practical and where it would not jeopardize an
6.14 investigation.

6.15 (b) If the agency has primary investigative authority under subdivision 2 but the inspector
6.16 general is not satisfied that the agency's internal investigation is adequate or proceeding
6.17 quickly enough, the inspector general may independently investigate and, if the inspector
6.18 general has a credible allegation that fraud or misuse is being committed, may make a
6.19 recommendation to the agency to freeze or cease distribution of funds and notify the
6.20 appropriate law enforcement agencies.

6.21 (c) If a commissioner or agency head does not act on a recommendation to freeze or
6.22 cease distribution of funds as requested, after reasonable notice and consistent with any
6.23 applicable interagency agreements under section 15, unless prohibited by federal
6.24 requirements, the inspector general may, at the inspector general's discretion, seek a court
6.25 order to freeze or stop distribution of public funds, consistent with applicable due process
6.26 and appeal rights.

6.27 (d) If public funds are stopped or frozen pursuant to this subdivision, the inspector
6.28 general, working with and through the applicable state agency, must ensure that any person
6.29 whose public funds are interrupted and who is not implicated in the suspected fraud or
6.30 misuse receives notice of their rights related to continued receipt of the public funds, services,
6.31 or programs for which they are eligible.

6.32 **Subd. 4. Exceptions for federal funding.** The inspector general must not comply with
6.33 any provision under this section if compliance with the provision would prevent the state

7.1 from receiving federal financial participation for the medical assistance program or result
7.2 in a lower level of coverage or reduced access to coverage for medical assistance enrollees.

7.3 **EFFECTIVE DATE.** Subdivision 2, paragraph (c), and subdivision 3, paragraphs (b)
7.4 and (c), are effective January 1, 2027, or upon federal approval from the Centers for Medicare
7.5 and Medicaid Services, whichever is later. The commissioner of human services must notify
7.6 the revisor of statutes when the Centers for Medicare and Medicaid Services approve or
7.7 deny this section. The remainder of this section is effective January 1, 2027.

7.8 **Sec. 5. [15E.30] AUXILIARY POWERS.**

7.9 Subdivision 1. **Subpoena power.** In all matters relating to official duties, the inspector
7.10 general has the powers possessed by courts of law to issue and have subpoenas served.

7.11 Subd. 2. **Inquiry and inspection power; duty to aid inspector general.** All public
7.12 officials and their deputies and employees, and all corporations, firms, and individuals
7.13 having business involving the receipt, disbursement, or custody of public funds shall at all
7.14 times:

7.15 (1) afford reasonable facilities for examinations by the inspector general;

7.16 (2) provide returns and reports required by the inspector general;

7.17 (3) attend and answer under oath the inspector general's lawful inquiries;

7.18 (4) produce and exhibit all books, accounts, documents, data of any classification, and
7.19 property that the inspector general requests to inspect; and

7.20 (5) in all things cooperate with the inspector general.

7.21 Subd. 3. **Penalties.** (a) If a person refuses or neglects to obey any lawful direction of
7.22 the inspector general, a deputy or assistant, or withholds any information, book, record,
7.23 paper or other document called for by the inspector general for the purpose of examination,
7.24 after having been lawfully required by order or subpoena, upon application by the inspector
7.25 general, a judge of the district court in the county where the order or subpoena was made
7.26 returnable shall compel obedience or punish disobedience as for contempt, as in the case
7.27 of a similar order or subpoena issued by the court.

7.28 (b) A person who swears falsely concerning any matter stated under oath is guilty of a
7.29 gross misdemeanor.

7.30 **EFFECTIVE DATE.** This section is effective January 1, 2027.

8.1 Sec. 6. **[15E.35] IDENTIFICATION OF FRAUD REPORTING TOOL.**

8.2 (a) The commissioner or head of each executive branch agency must prominently
8.3 highlight on the agency's website the fraud reporting tools administered by the Office of
8.4 the Inspector General under this chapter, and by the Office of the Legislative Auditor under
8.5 chapter 3.

8.6 (b) As part of any grant agreement between the state and a nonprofit organization, the
8.7 agreement must require the nonprofit organization to prominently highlight on the
8.8 organization's website the fraud reporting tools administered by the Office of the Inspector
8.9 General under this chapter, and by the Office of the Legislative Auditor under chapter 3.
8.10 The state agency administering the grant must regularly confirm and document the
8.11 organization's compliance with the requirement under this paragraph for the life of the grant
8.12 agreement.

8.13 **EFFECTIVE DATE.** This section is effective January 1, 2027.

8.14 Sec. 7. **[15E.40] DATA PRACTICES.**

8.15 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
8.16 the meanings given.

8.17 (b) "Confidential data on individuals" has the meaning given in section 13.02, subdivision
8.18 3.

8.19 (c) "Government entity" has the meaning given in section 13.02, subdivision 7a.

8.20 (d) "Nonpublic data" has the meaning given in section 13.02, subdivision 9.

8.21 (e) "Not public data" has the meaning given in section 13.02, subdivision 8a.

8.22 (f) "Private data on individuals" has the meaning given in section 13.02, subdivision 12.

8.23 (g) "Protected nonpublic data" has the meaning given in section 13.02, subdivision 13.

8.24 Subd. 2. **Government Data Practices Act.** The inspector general is a government entity
8.25 and is subject to the Government Data Practices Act, chapter 13.

8.26 Subd. 3. **Access.** In order to perform the duties under this chapter, the inspector general
8.27 has access to data of any classification, including data classified as not public data. It is not
8.28 a violation of chapter 13 or any other statute classifying government data as not public data
8.29 if a government entity provides data pursuant to a subpoena issued under this chapter.

8.30 Subd. 4. **Dissemination.** The inspector general may disseminate data of any classification,
8.31 including not public data, to:

9.1 (1) a government entity, other than a law enforcement agency or prosecuting authority,
9.2 if the dissemination of the data aids a pending investigation or administrative action;

9.3 (2) a law enforcement agency or prosecuting authority if there is reason to believe that
9.4 the data are evidence of criminal activity within the agency's or authority's jurisdiction;

9.5 (3) the legislative auditor; or

9.6 (4) the commissioner of human services as provided in section 15E.25, subdivision 2,
9.7 paragraph (f).

9.8 Subd. 5. **Data classifications; civil investigations.** (a) Notwithstanding any other law,
9.9 data relating to a civil investigation conducted under this chapter are confidential data on
9.10 individuals or protected nonpublic data while the investigation is active. Whether a civil
9.11 investigation is active shall be determined by the inspector general.

9.12 (b) Data relating to a civil investigation conducted under this chapter become public
9.13 data upon the inspector general's completion of the investigation, unless:

9.14 (1) the release of the data would jeopardize another active investigation by the inspector
9.15 general or another government entity;

9.16 (2) the inspector general reasonably believes the data will be used in litigation related
9.17 to any civil, criminal, or administrative actions, including reconsideration or appeal of any
9.18 such action; or

9.19 (3) the data are classified as not public under another statute or paragraph (e).

9.20 (c) Data subject to paragraph (b), clause (2), are confidential data on individuals or
9.21 protected nonpublic data and become public when the litigation has been completed or the
9.22 time period to appeal has expired, or the litigation is no longer being actively pursued.

9.23 (d) Unless the data are subject to a more restrictive classification, upon the inspector
9.24 general's decision to no longer actively pursue a civil investigation under this chapter, data
9.25 relating to a civil investigation are private data on individuals or nonpublic data except the
9.26 following data are public:

9.27 (1) data relating to the investigation's general description, existence, status, and
9.28 disposition; and

9.29 (2) data that document the inspector general's work.

9.30 (e) Inactive civil investigative data on an individual supplying information for an
9.31 investigation that could reasonably be used to determine the individual's identity are private
9.32 data on individuals if the information supplied was needed for the investigation and would

10.1 not have been provided to the inspector general without an assurance to the individual that
10.2 the individual's identity would remain private.

10.3 (f) Data relating to a civil investigation conducted under this chapter that are obtained
10.4 from an entity that is not a government entity have the same classification that the data
10.5 would have if obtained from a government entity.

10.6 Subd. 6. **Privileges.** Nothing in this section or section 15E.30 requires the disclosure of
10.7 documents or information that is legally privileged under statute or other law, including
10.8 documents or information subject to section 13.393 or 595.02.

10.9 **EFFECTIVE DATE.** This section is effective January 1, 2027.

10.10 Sec. 8. **[15E.45] RESOURCES.**

10.11 Subdivision 1. **Staff.** The inspector general may hire and manage staff as necessary and
10.12 in accordance with chapter 43A. The inspector general must employ and manage at least
10.13 one attorney to serve as legal counsel for the office and to advise the inspector general on
10.14 all legal matters relating to the office. Except for the inspector general, the staff in the Office
10.15 of the Inspector General serve in the classified civil service. Compensation for employees
10.16 of the inspector general in the classified service who are represented by an exclusive
10.17 representative is governed by a collective bargaining agreement negotiated between the
10.18 commissioner of management and budget and the exclusive representative. Compensation
10.19 for employees of the inspector general in the classified service who are not represented by
10.20 an exclusive representative is as provided in the nonrepresented employees compensation
10.21 plan under section 43A.18, subdivision 2, or by the managerial plan under section 43A.18,
10.22 subdivision 3, depending on the employee's job classification.

10.23 Subd. 2. **Contracting.** The inspector general may contract with external experts to
10.24 support the work of the office, subject to section 16C.08.

10.25 **EFFECTIVE DATE.** This section is effective January 1, 2027.

10.26 Sec. 9. **[15E.50] REPORTING AND TRANSPARENCY.**

10.27 Subdivision 1. **Reports.** The inspector general must issue public reports detailing
10.28 completed investigations and corrective actions taken.

10.29 Subd. 2. **Public tips.** The inspector general must maintain a phone line and website for
10.30 reporting fraud and misuse that allows the person making the report to remain anonymous.

11.1 Subd. 3. **Report; inactive investigations.** By December 1, 2027, and each December
11.2 1 thereafter, the inspector general must submit a report to the legislative auditor and the
11.3 chairs and ranking minority members of the legislative committees with jurisdiction over
11.4 state government and data practices regarding all investigations the inspector general did
11.5 not open after receiving a tip or complaint or decided to no longer actively pursue for the
11.6 preceding calendar year. The report must include, at a minimum, summary data as defined
11.7 in section 13.02, subdivision 19, for:

11.8 (1) all complaints or tips received;

11.9 (2) the type of allegation;

11.10 (3) if the complaint or tip was not frivolous, the reason that the inspector general did
11.11 not open an investigation or decided to no longer pursue the investigation; and

11.12 (4) referrals to other agencies or the legislative auditor.

11.13 **EFFECTIVE DATE.** This section is effective January 1, 2027.

11.14 Sec. 10. **[15E.55] PROFESSIONAL STANDARDS AND REVIEW.**

11.15 (a) The inspector general's activities must adhere to professional standards as promulgated
11.16 by the Association of Inspectors General or other recognized bodies.

11.17 (b) The governor may contract for an external quality assurance review of the inspector
11.18 general every three years and must make findings from the review public.

11.19 **EFFECTIVE DATE.** This section is effective January 1, 2027.

11.20 Sec. 11. **[15E.60] LEGISLATIVE INSPECTOR GENERAL ADVISORY**
11.21 **COMMISSION.**

11.22 Subdivision 1. **Membership.** The Legislative Inspector General Advisory Commission
11.23 is comprised of:

11.24 (1) two senators appointed by the majority leader of the senate;

11.25 (2) two senators appointed by the minority leader of the senate;

11.26 (3) two members of the house of representatives appointed by the speaker of the house
11.27 of representatives; and

11.28 (4) two members of the house of representatives appointed by the minority leader of the
11.29 house of representatives.

12.1 Subd. 2. **Terms.** Members serve at the pleasure of their appointing authority and each
12.2 member serves until a replacement is appointed.

12.3 Subd. 3. **Chair.** The commission must select a chair after consideration of its members
12.4 by January 31 of each odd-numbered year. The chair serves until a successor is elected. The
12.5 chair must alternate biennially between the senate and the house of representatives.

12.6 Subd. 4. **Duties.** The Legislative Inspector General Advisory Commission:

12.7 (1) must consider applicants for and make recommendations to the governor for the
12.8 position of inspector general; and

12.9 (2) may conduct hearings to review the work of the inspector general to ensure
12.10 impartiality, independence, and effectiveness.

12.11 Subd. 5. **Per diem; expense reimbursement.** Members may be compensated for time
12.12 spent on commission duties and may be reimbursed for expenses according to the rules of
12.13 their respective bodies.

12.14 Subd. 6. **Meeting space; staff.** The Legislative Coordinating Commission must provide
12.15 meeting space and staff to assist the commission in performing its duties.

12.16 Subd. 7. **Open meetings.** The Legislative Inspector General Advisory Commission is
12.17 subject to the requirements in section 3.055.

12.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.19 Sec. 12. **[15E.65] INSPECTOR GENERAL COORDINATING COMMITTEE.**

12.20 Subdivision 1. **Establishment; purpose.** The Inspector General Coordinating Committee
12.21 is established to coordinate and strengthen the work of executive branch agencies in
12.22 safeguarding public resources through effective and efficient program integrity, audit,
12.23 internal control, and related functions.

12.24 Subd. 2. **Membership.** The Inspector General Coordinating Committee consists of the
12.25 following members:

12.26 (1) the inspector general appointed under this chapter, who serves as chair;

12.27 (2) the commissioner, or the commissioner's designee, of each agency that has its own
12.28 inspector general whether by law or commissioner's order;

12.29 (3) the superintendent of the Bureau of Criminal Apprehension in the Department of
12.30 Public Safety, or the superintendent's designee;

13.1 (4) the commissioner of administration, or the commissioner's designee, representing
13.2 the Office of Grants Management in the Department of Administration; and

13.3 (5) the commissioner of management and budget, or the commissioner's designee,
13.4 representing the Internal Controls and Accountability Unit in the Department of Management
13.5 and Budget.

13.6 Subd. 3. **Duties.** The Inspector General Coordinating Committee must:

13.7 (1) meet monthly to share investigative data, trends, and other information to better
13.8 prevent, detect, and investigate fraud and misuse in agency programs;

13.9 (2) assist the inspector general in the development of data sharing methods, investigative
13.10 best practices, and program integrity review processes for agency programs; and

13.11 (3) assist agencies in securing specialized internal audit, investigation, or other necessary
13.12 skills and tools.

13.13 **EFFECTIVE DATE.** This section is effective January 1, 2027.

13.14 Sec. 13. **OFFICE OF THE INSPECTOR GENERAL ESTABLISHMENT.**

13.15 Subdivision 1. **Appointment.** Notwithstanding Minnesota Statutes, section 15E.20,
13.16 subdivision 4, by January 1, 2027, the Legislative Inspector General Advisory Commission
13.17 must make recommendations for appointment of an inspector general under Minnesota
13.18 Statutes, section 15E.20. The governor must appoint an inspector general by February 1,
13.19 2027, unless the Legislative Inspector General Advisory Commission does not recommend
13.20 any candidates by January 1, 2027, in which case the governor must appoint an inspector
13.21 general by February 15, 2027.

13.22 Subd. 2. **Operational.** By September 1, 2027, the Office of the Inspector General must
13.23 be fully operational.

13.24 Subd. 3. **Office space.** The commissioner of administration must provide office space
13.25 for the Office of the Inspector General under Minnesota Statutes, chapter 15E, under a rental
13.26 agreement.

13.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.28 Sec. 14. **LEGISLATIVE INSPECTOR GENERAL ADVISORY COMMISSION;**
13.29 **INITIAL APPOINTMENTS AND FIRST MEETING.**

13.30 Subdivision 1. **Initial appointments.** Appointing authorities must make appointments
13.31 to the Legislative Inspector General Advisory Commission by August 1, 2026.

14.1 Subd. 2. **First meeting.** The senate majority leader must designate one member of the
14.2 Legislative Inspector General Advisory Commission to convene the first meeting of the
14.3 Legislative Inspector General Advisory Commission by September 15, 2026.

14.4 Subd. 3. **Chair.** The Legislative Inspector General Advisory Commission must elect a
14.5 chair from among its senate members at its first meeting. The first chair shall serve until a
14.6 successor is selected at the start of the next biennium as provided in Minnesota Statutes,
14.7 section 15E.60, subdivision 3.

14.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.9 Sec. 15. **INTERAGENCY AGREEMENTS.**

14.10 (a) By December 31, 2027, the Office of the Inspector General must enter into an
14.11 interagency agreement with the Department of Human Services. The agreement must not
14.12 preclude the agency from performing, or give the inspector general authority to take actions
14.13 that would interfere with the agency's ability to perform, duties required as a condition for
14.14 securing or maintaining federal funding. The interagency agreement must include a clause
14.15 on cost-sharing for investigations that may require multiagency coordination and a clause
14.16 that details what process will be followed if a joint investigation is required. The interagency
14.17 agreement must not limit the inspector general's authority or authorized powers and
14.18 responsibilities. The agency and the inspector general may coordinate investigative efforts
14.19 as necessary or practical, but an interagency agreement must not diminish, delay, or restrict
14.20 the inspector general's ability to investigate fraud and misuse when an independent
14.21 investigation is pursued.

14.22 (b) By December 31, 2027, the Office of the Inspector General must enter into an
14.23 interagency agreement with the Department of Children, Youth, and Families. The
14.24 interagency agreement must include a clause on cost-sharing for investigations that may
14.25 require multiagency coordination and a clause that details what process will be followed if
14.26 a joint investigation is required. The interagency agreement must not limit the inspector
14.27 general's authority or authorized powers and responsibilities. The agency and the inspector
14.28 general may coordinate investigative efforts as necessary or practical, but an interagency
14.29 agreement must not diminish, delay, or restrict the inspector general's ability to investigate
14.30 fraud and misuse when an independent investigation is pursued.

14.31 (c) By December 31, 2027, the Office of the Inspector General must enter into an
14.32 interagency agreement with the Department of Health. The interagency agreement must
14.33 include a clause on cost-sharing for investigations that may require multiagency coordination
14.34 and a clause that details what process will be followed if a joint investigation is required.

15.1 The interagency agreement must not limit the inspector general's authority or authorized
15.2 powers and responsibilities. The agency and the inspector general may coordinate
15.3 investigative efforts as necessary or practical, but an interagency agreement must not
15.4 diminish, delay, or restrict the inspector general's ability to investigate fraud and misuse
15.5 when an independent investigation is pursued.

15.6 (d) By December 31, 2027, the Office of the Inspector General must enter into an
15.7 interagency agreement with the Department of Education. The interagency agreement must
15.8 include a clause on cost-sharing for investigations that may require multiagency coordination
15.9 and a clause that details what process will be followed if a joint investigation is required.
15.10 The interagency agreement must not limit the inspector general's authority or authorized
15.11 powers and responsibilities. The agency and the inspector general may coordinate
15.12 investigative efforts as necessary or practical, but an interagency agreement must not
15.13 diminish, delay, or restrict the inspector general's ability to investigate fraud and misuse
15.14 when an independent investigation is pursued. Nothing in Minnesota Statutes, chapter 15E,
15.15 authorizes any sanction by the commissioner of education or inspector general that reduces,
15.16 pauses, or otherwise interrupts state or federal aid to a school district; charter school;
15.17 cooperative unit as defined by Minnesota Statutes, section 123A.24, subdivision 2; or any
15.18 library, library system, or library district defined in Minnesota Statutes, section 134.001.

15.19 **EFFECTIVE DATE.** Paragraph (a) is effective January 1, 2027, or upon federal approval
15.20 from the Centers for Medicare and Medicaid Services, whichever is later. The commissioner
15.21 of human services must notify the revisor of statutes when the Centers for Medicare and
15.22 Medicaid Services approve or deny this section. The remainder of this section is effective
15.23 January 1, 2027.

15.24 **Sec. 16. APPROPRIATIONS.**

15.25 (a) \$859,000 in fiscal year 2027 is appropriated from the general fund to the commissioner
15.26 of administration to establish the Office of the Inspector General. The base for this
15.27 appropriation is \$859,000 in fiscal year 2028 and \$0 in fiscal year 2029 and each fiscal year
15.28 thereafter.

15.29 (b) \$229,000 in fiscal year 2027 is appropriated from the general fund to the commissioner
15.30 of children, youth, and families to coordinate with the Office of the Inspector General as
15.31 required under this act. This appropriation is available until June 30, 2028. The base for
15.32 this appropriation is \$246,000 in fiscal year 2029 and each fiscal year thereafter.

15.33 (c) \$487,000 in fiscal year 2027 is appropriated from the general fund to the commissioner
15.34 of health to coordinate with the Office of the Inspector General as required under this act.

16.1 (d) \$467,000 in fiscal year 2027 is appropriated from the general fund to the commissioner
 16.2 of human services to coordinate with the Office of the Inspector General as required under
 16.3 this act. The base for this appropriation is \$542,000 in fiscal year 2028 and each fiscal year
 16.4 thereafter.

16.5 (e) \$21,000 in fiscal year 2027 is appropriated from the general fund to the executive
 16.6 director of the Legislative Coordinating Commission to support the Legislative Inspector
 16.7 General Advisory Commission. The base for this appropriation is \$7,000 in fiscal year 2028
 16.8 and each fiscal year thereafter.

16.9 (f) \$3,034,000 in fiscal year 2027 is appropriated from the general fund to the Office of
 16.10 the Inspector General for purposes of this act. The base for this appropriation is \$6,432,000
 16.11 in fiscal year 2028 and \$6,439,000 in fiscal year 2029. The commissioner of administration,
 16.12 in consultation with the commissioner of management and budget, may transfer amounts
 16.13 in fiscal year 2027 to the commissioner of administration for office build out, cost of space,
 16.14 office equipment, and other costs directly related to the establishment of the office.

16.15 ARTICLE 2

16.16 CONFORMING ITEMS AND REPEALERS

16.17 Section 1. Minnesota Statutes 2024, section 3.971, is amended by adding a subdivision
 16.18 to read:

16.19 Subd. 3b. **Public reports of fraud and misuse.** Notwithstanding the classification of
 16.20 data as not public, the legislative auditor must refer all credible reports from the public
 16.21 about potential fraud or misuse, as those terms are defined in chapter 15E, to the inspector
 16.22 general. The legislative auditor must coordinate reviews and investigations with the inspector
 16.23 general when coordination conserves resources and does not compromise the reviews or
 16.24 investigations.

16.25 Sec. 2. Minnesota Statutes 2025 Supplement, section 10A.01, subdivision 35, is amended
 16.26 to read:

16.27 Subd. 35. **Public official.** "Public official" means any:

16.28 (1) member of the legislature;

16.29 (2) individual employed by the legislature as secretary of the senate, legislative auditor,
 16.30 director of the Legislative Budget Office, chief clerk of the house of representatives, revisor
 16.31 of statutes, or researcher, legislative analyst, fiscal analyst, or attorney in the Office of

- 17.1 Senate Counsel, Research and Fiscal Analysis, House Research, or the House Fiscal Analysis
17.2 Department;
- 17.3 (3) constitutional officer in the executive branch and the officer's chief administrative
17.4 deputy;
- 17.5 (4) solicitor general or deputy, assistant, or special assistant attorney general;
- 17.6 (5) commissioner, deputy commissioner, or assistant commissioner of any state
17.7 department or agency as listed in section 15.01 or 15.06, or the state chief information
17.8 officer;
- 17.9 (6) member, chief administrative officer, or deputy chief administrative officer of a state
17.10 board or commission that has either the power to adopt, amend, or repeal rules under chapter
17.11 14, or the power to adjudicate contested cases or appeals under chapter 14;
- 17.12 (7) individual employed in the executive branch who is authorized to adopt, amend, or
17.13 repeal rules under chapter 14 or adjudicate contested cases under chapter 14;
- 17.14 (8) executive director of the State Board of Investment;
- 17.15 (9) deputy of any official listed in clauses (7) and (8);
- 17.16 (10) judge of the Workers' Compensation Court of Appeals;
- 17.17 (11) administrative law judge or compensation judge in the State Office of Administrative
17.18 Hearings or unemployment law judge in the Department of Employment and Economic
17.19 Development;
- 17.20 (12) member, regional administrator, division director, general counsel, or operations
17.21 manager of the Metropolitan Council;
- 17.22 (13) member or chief administrator of a metropolitan agency;
- 17.23 (14) director of the Division of Alcohol and Gambling Enforcement in the Department
17.24 of Public Safety;
- 17.25 (15) member or executive director of the Health and Education Facilities Authority;
- 17.26 (16) member of the board of directors or president of Enterprise Minnesota, Inc.;
- 17.27 (17) member of the board of directors or executive director of the Minnesota State High
17.28 School League;
- 17.29 (18) member of the Minnesota Ballpark Authority established in section 473.755;
- 17.30 (19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;

- 18.1 (20) manager of a watershed district, or member of a watershed management organization
18.2 as defined under section 103B.205, subdivision 13;
- 18.3 (21) supervisor of a soil and water conservation district;
- 18.4 (22) director of Explore Minnesota Tourism;
- 18.5 (23) citizen member of the Lessard-Sams Outdoor Heritage Council established in section
18.6 97A.056;
- 18.7 (24) citizen member of the Clean Water Council established in section 114D.30;
- 18.8 (25) member or chief executive of the Minnesota Sports Facilities Authority established
18.9 in section 473J.07;
- 18.10 (26) district court judge, appeals court judge, or supreme court justice;
- 18.11 (27) county commissioner;
- 18.12 (28) member of the Greater Minnesota Regional Parks and Trails Commission;
- 18.13 (29) member of the Destination Medical Center Corporation established in section
18.14 469.41; ~~or~~
- 18.15 (30) chancellor or member of the Board of Trustees of the Minnesota State Colleges
18.16 and Universities; or
- 18.17 (31) inspector general appointed under chapter 15E, or individual employed by the Office
18.18 of the Inspector General.

18.19 Sec. 3. Minnesota Statutes 2024, section 15A.0815, subdivision 2, is amended to read:

18.20 Subd. 2. **Agency head salaries.** The salary for a position listed in this subdivision shall
18.21 be determined by the Compensation Council under section 15A.082. The commissioner of
18.22 management and budget must publish the salaries on the department's website. This
18.23 subdivision applies to the following positions:

- 18.24 Commissioner of administration;
- 18.25 Commissioner of agriculture;
- 18.26 Commissioner of education;
- 18.27 Commissioner of children, youth, and families;
- 18.28 Commissioner of commerce;
- 18.29 Commissioner of corrections;

- 19.1 Commissioner of health;
- 19.2 Commissioner, Minnesota Office of Higher Education;
- 19.3 Commissioner, Minnesota IT Services;
- 19.4 Commissioner, Housing Finance Agency;
- 19.5 Commissioner of human rights;
- 19.6 Commissioner of human services;
- 19.7 Commissioner of labor and industry;
- 19.8 Commissioner of management and budget;
- 19.9 Commissioner of natural resources;
- 19.10 Commissioner, Pollution Control Agency;
- 19.11 Commissioner of public safety;
- 19.12 Commissioner of revenue;
- 19.13 Commissioner of employment and economic development;
- 19.14 Commissioner of transportation;
- 19.15 Commissioner of veterans affairs;
- 19.16 Executive director of the Gambling Control Board;
- 19.17 Executive director of the Minnesota State Lottery;
- 19.18 Executive director of the Office of Cannabis Management;
- 19.19 Inspector general;
- 19.20 Commissioner of Iron Range resources and rehabilitation;
- 19.21 Commissioner, Bureau of Mediation Services;
- 19.22 Ombudsman for mental health and developmental disabilities;
- 19.23 Ombudsperson for corrections;
- 19.24 Chair, Metropolitan Council;
- 19.25 Chair, Metropolitan Airports Commission;
- 19.26 School trust lands director;
- 19.27 Executive director of pari-mutuel racing;

20.1 Commissioner, Public Utilities Commission;
20.2 Chief Executive Officer, Direct Care and Treatment; and
20.3 Director of the Office of Emergency Medical Services.

20.4 Sec. 4. Minnesota Statutes 2024, section 127A.21, is amended by adding a subdivision to
20.5 read:

20.6 Subd. 8. **Limits on receiving public funds; prohibition.** (a) This subdivision does not
20.7 authorize any action that reduces, pauses, or otherwise interrupts state or federal aid to a
20.8 school district; charter school; cooperative unit as defined in section 123A.24, subdivision
20.9 2; or any library, library system, or library district defined in section 134.001.

20.10 (b) For purposes of this subdivision, "program participant" includes individuals or persons
20.11 who have an ownership interest in, control of, or the ability to control a program participant
20.12 in a department program.

20.13 (c) If a program participant is excluded from a department program, the commissioner
20.14 may:

20.15 (1) prohibit the excluded program participant from enrolling in, receiving grant money
20.16 from, or registering in any other program administered by the commissioner; and

20.17 (2) disenroll or disqualify the excluded program participant from any other program
20.18 administered by the commissioner.

20.19 (d) If a program participant enrolled, licensed, or receiving funds under any contract or
20.20 program administered by a Minnesota state agency or federal agency is excluded from that
20.21 program, the inspector general shall notify the commissioner, who may:

20.22 (1) prohibit the excluded program participant from enrolling in, becoming licensed,
20.23 receiving grant money from, or registering in any other program administered by the
20.24 commissioner; and

20.25 (2) disenroll or disqualify the excluded program participant from any other program
20.26 administered by the commissioner.

20.27 (e) The duration of a prohibition, disenrollment, revocation, suspension, or
20.28 disqualification under paragraph (c) must last for the longest applicable sanction or
20.29 disqualifying period in effect for the program participant permitted by state or federal law.
20.30 The duration of a prohibition, disenrollment, revocation, suspension, or disqualification
20.31 under paragraph (d) may last up until the longest applicable sanction or disqualifying period
20.32 in effect for the program participant as permitted by state or federal law.

21.1 Sec. 5. Minnesota Statutes 2024, section 127A.21, is amended by adding a subdivision to
21.2 read:

21.3 Subd. 9. **Notice.** Within five days of taking an action against a program participant under
21.4 subdivision 8, paragraph (c) or (d), the commissioner must send notice of the action to the
21.5 program participant. The notice must state the:

21.6 (1) basis for the action;

21.7 (2) effective date of the action;

21.8 (3) right to appeal the action; and

21.9 (4) requirements and procedures for reinstatement.

21.10 Sec. 6. Minnesota Statutes 2024, section 127A.21, is amended by adding a subdivision to
21.11 read:

21.12 Subd. 10. **Appeal.** (a) Upon receipt of a notice under subdivision 9, a program participant
21.13 may request a contested case hearing, as defined in section 14.02, subdivision 3, by filing
21.14 with the commissioner a written request of appeal. The appeal request must be received by
21.15 the commissioner no later than 30 days after the date the notification was mailed to the
21.16 program participant.

21.17 (b) The appeal request must specify:

21.18 (1) each disputed item and the reason for the dispute;

21.19 (2) the authority in statute or rule upon which the program participant relies for each
21.20 disputed item;

21.21 (3) the name and address of the person or entity with whom contacts may be made
21.22 regarding the appeal; and

21.23 (4) other information required by the commissioner.

21.24 (c) Unless a timely and proper appeal is received by the commissioner, the action of the
21.25 commissioner shall be considered final and binding on the effective date of the action as
21.26 stated in the notice under subdivision 9, clause (2).

21.27 Sec. 7. Minnesota Statutes 2024, section 127A.21, is amended by adding a subdivision to
21.28 read:

21.29 Subd. 11. **Withholding of payments.** (a) This subdivision does not authorize withholding
21.30 of payments that reduces, pauses, or otherwise interrupts state or federal aid to a school

22.1 district; charter school; cooperative unit as defined in section 123A.24, subdivision 2; or
22.2 any library, library system, or library district defined in section 134.001.

22.3 (b) Except as otherwise provided by state or federal law, the inspector general shall
22.4 notify and recommend to the commissioner to withhold payments to a program participant
22.5 in any program administered by the commissioner, who shall have the authority to withhold
22.6 such payments to the extent permitted under federal law, if the inspector general determines
22.7 there is a credible allegation of fraud or misuse for which an investigation is pending for a
22.8 program administered by the department, a Minnesota state agency, or a federal agency.

22.9 (c) Allegations are considered credible when they have indicia of reliability and the
22.10 inspector general has reviewed the evidence and acts on a case-by-case basis. A credible
22.11 allegation of fraud is an allegation that has been verified by the commissioner from any
22.12 source, including but not limited to:

22.13 (1) fraud hotline complaints;

22.14 (2) claims data mining; and

22.15 (3) patterns identified through provider audits, civil false claims cases, and investigations.

22.16 (d) The commissioner must send notice of the withholding of payments within five days
22.17 of taking such action. The notice must:

22.18 (1) state that payments are being withheld according to this paragraph;

22.19 (2) set forth the general allegations as to the reasons for the withholding action, but need
22.20 not disclose any specific information concerning an ongoing investigation;

22.21 (3) state that the withholding is for a temporary period and cite the circumstances under
22.22 which withholding will be terminated; and

22.23 (4) inform the program participant of the right to submit written evidence for
22.24 consideration by the commissioner.

22.25 (e) The withholding of payments shall not continue after the inspector general determines
22.26 there is insufficient evidence of fraud by the program participant or after legal proceedings
22.27 relating to the alleged fraud are completed, unless the commissioner has sent notice under
22.28 subdivision 5 of the intention to take an additional action related to the program participant's
22.29 participation in a program administered by the commissioner. If the inspector general
22.30 determines there is insufficient evidence of fraud by the program participant or after legal
22.31 proceedings relating to the alleged fraud are completed, the inspector general shall notify
22.32 the commissioner within ten days of the determination.

23.1 (f) The withholding of payments is a temporary action and shall not be subject to appeal
23.2 under this subdivision or chapter 14.

23.3 Sec. 8. Minnesota Statutes 2024, section 127A.21, is amended by adding a subdivision to
23.4 read:

23.5 Subd. 12. **Office of the Inspector General; reports.** The commissioner must submit
23.6 final investigative reports to the inspector general, serving under chapter 15E, for any
23.7 investigation conducted by the commissioner into fraud or misuse, as defined in section
23.8 15E.15, within a program administered by the commissioner.

23.9 Sec. 9. Minnesota Statutes 2024, section 142A.03, is amended by adding a subdivision to
23.10 read:

23.11 Subd. 35. **Office of the Inspector General; reports.** The commissioner must submit
23.12 final investigative reports to the inspector general, serving under chapter 15E, for any
23.13 investigation conducted by the commissioner into fraud or misuse, as defined in section
23.14 15E.15, within the child care assistance program.

23.15 Sec. 10. Minnesota Statutes 2024, section 142A.12, subdivision 5, is amended to read:

23.16 Subd. 5. **Withholding of payments.** (a) Except as otherwise provided by state or federal
23.17 law, the commissioner may withhold payments to a provider, vendor, individual, associated
23.18 individual, or associated entity in any program administered by the commissioner if the
23.19 commissioner determines there is a credible allegation of fraud for which an investigation
23.20 is pending for a program administered by a Minnesota state or federal agency.

23.21 (b) For purposes of this subdivision, "credible allegation of fraud" means an allegation
23.22 that has been verified by the commissioner from any source, including but not limited to:

23.23 (1) fraud hotline complaints;

23.24 (2) claims data mining;

23.25 (3) patterns identified through provider audits, civil false claims cases, and law
23.26 enforcement investigations; ~~and~~

23.27 (4) court filings and other legal documents, including but not limited to police reports,
23.28 complaints, indictments, informations, affidavits, declarations, and search warrants; and

23.29 (5) information from the inspector general, including information listed on the inspector
23.30 general's exclusion list under section 15E.25, subdivision 1, clause (13).

24.1 (c) The commissioner must send notice of the withholding of payments within five days
24.2 of taking such action. The notice must:

24.3 (1) state that payments are being withheld according to this subdivision;

24.4 (2) set forth the general allegations related to the withholding action, except the notice
24.5 need not disclose specific information concerning an ongoing investigation;

24.6 (3) state that the withholding is for a temporary period and cite the circumstances under
24.7 which the withholding will be terminated; and

24.8 (4) inform the provider, vendor, individual, associated individual, or associated entity
24.9 of the right to submit written evidence to contest the withholding action for consideration
24.10 by the commissioner.

24.11 (d) If the commissioner withholds payments under this subdivision, the provider, vendor,
24.12 individual, associated individual, or associated entity has a right to request administrative
24.13 reconsideration. A request for administrative reconsideration must be made in writing, state
24.14 with specificity the reasons the payment withholding decision is in error, and include
24.15 documents to support the request. Within 60 days from receipt of the request, the
24.16 commissioner shall judiciously review allegations, facts, evidence available to the
24.17 commissioner, and information submitted by the provider, vendor, individual, associated
24.18 individual, or associated entity to determine whether the payment withholding should remain
24.19 in place.

24.20 (e) The commissioner shall stop withholding payments if the commissioner determines
24.21 there is insufficient evidence of fraud by the provider, vendor, individual, associated
24.22 individual, or associated entity or when legal proceedings relating to the alleged fraud are
24.23 completed, unless the commissioner has sent notice under subdivision 3 to the provider,
24.24 vendor, individual, associated individual, or associated entity.

24.25 (f) The withholding of payments is a temporary action and is not subject to appeal under
24.26 section 256.0451 or chapter 14.

24.27 Sec. 11. Minnesota Statutes 2024, section 144.05, is amended by adding a subdivision to
24.28 read:

24.29 Subd. 9. Office of the Inspector General; reports. The commissioner must submit
24.30 final investigative reports to the inspector general serving under chapter 15E for any
24.31 investigation conducted by the commissioner into fraud or misuse, as defined in section
24.32 15E.15, within the special supplemental nutrition program for women, infants, and children.

25.1 Sec. 12. Minnesota Statutes 2024, section 245.095, subdivision 5, is amended to read:

25.2 Subd. 5. **Withholding of payments.** (a) Except as otherwise provided by state or federal
25.3 law, the commissioner may withhold payments to a provider, vendor, individual, associated
25.4 individual, or associated entity in any program administered by the commissioner if the
25.5 commissioner determines there is a credible allegation of fraud for which an investigation
25.6 is pending for a program administered by a Minnesota state or federal agency.

25.7 (b) For purposes of this subdivision, "credible allegation of fraud" means an allegation
25.8 that has been verified by the commissioner from any source, including but not limited to:

25.9 (1) fraud hotline complaints;

25.10 (2) claims data mining;

25.11 (3) patterns identified through provider audits, civil false claims cases, and law
25.12 enforcement investigations; ~~and~~

25.13 (4) court filings and other legal documents, including but not limited to police reports,
25.14 complaints, indictments, informations, affidavits, declarations, and search warrants; and

25.15 (5) information from the inspector general, including information listed on the inspector
25.16 general's exclusion list under section 15E.25, subdivision 1, clause (13).

25.17 (c) The commissioner must send notice of the withholding of payments within five days
25.18 of taking such action. The notice must:

25.19 (1) state that payments are being withheld according to this subdivision;

25.20 (2) set forth the general allegations related to the withholding action, except the notice
25.21 need not disclose specific information concerning an ongoing investigation;

25.22 (3) state that the withholding is for a temporary period and cite the circumstances under
25.23 which the withholding will be terminated; and

25.24 (4) inform the provider, vendor, individual, associated individual, or associated entity
25.25 of the right to submit written evidence to contest the withholding action for consideration
25.26 by the commissioner.

25.27 (d) If the commissioner withholds payments under this subdivision, the provider, vendor,
25.28 individual, associated individual, or associated entity has a right to request administrative
25.29 reconsideration. A request for administrative reconsideration must be made in writing, state
25.30 with specificity the reasons the payment withholding decision is in error, and include
25.31 documents to support the request. Within 60 days from receipt of the request, the
25.32 commissioner shall judiciously review allegations, facts, evidence available to the

26.1 commissioner, and information submitted by the provider, vendor, individual, associated
 26.2 individual, or associated entity to determine whether the payment withholding should remain
 26.3 in place.

26.4 (e) The commissioner shall stop withholding payments if the commissioner determines
 26.5 there is insufficient evidence of fraud by the provider, vendor, individual, associated
 26.6 individual, or associated entity or when legal proceedings relating to the alleged fraud are
 26.7 completed, unless the commissioner has sent notice under subdivision 3 to the provider,
 26.8 vendor, individual, associated individual, or associated entity.

26.9 (f) The withholding of payments is a temporary action and is not subject to appeal under
 26.10 section 256.045 or chapter 14.

26.11 Sec. 13. Minnesota Statutes 2024, section 256.01, is amended by adding a subdivision to
 26.12 read:

26.13 Subd. 44. Office of the Inspector General; reports. The commissioner must submit
 26.14 final investigative reports to the inspector general, serving under chapter 15E, for any
 26.15 investigation conducted by the commissioner into fraud or misuse, as defined in section
 26.16 15E.15, within the Medicaid program.

26.17 Sec. 14. Minnesota Statutes 2024, section 609.456, subdivision 2, is amended to read:

26.18 Subd. 2. **Legislative auditor and inspector general.** Whenever an employee or officer
 26.19 of the state, University of Minnesota, or other organization listed in section 3.971, subdivision
 26.20 6, discovers evidence of fraud, theft, embezzlement, or other unlawful use of public funds
 26.21 or property, the employee or officer shall, ~~except when to do so would knowingly impede~~
 26.22 ~~or otherwise interfere with an ongoing criminal investigation,~~ promptly report in writing to
 26.23 the legislative auditor or inspector general a detailed description of the alleged incident or
 26.24 incidents."

26.25 Delete the title and insert:

26.26 "A bill for an act
 26.27 relating to state government; creating the Office of the Inspector General; creating
 26.28 an advisory committee; making conforming and technical changes; providing for
 26.29 interagency agreements; requiring reports; appropriating money; amending
 26.30 Minnesota Statutes 2024, sections 3.971, by adding a subdivision; 15A.0815,
 26.31 subdivision 2; 127A.21, by adding subdivisions; 142A.03, by adding a subdivision;
 26.32 142A.12, subdivision 5; 144.05, by adding a subdivision; 245.095, subdivision 5;
 26.33 256.01, by adding a subdivision; 609.456, subdivision 2; Minnesota Statutes 2025
 26.34 Supplement, section 10A.01, subdivision 35; proposing coding for new law as
 26.35 Minnesota Statutes, chapter 15E."