

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

1.2 Page 9, after line 26, insert:

1.3 "(f) The Department of Education has primary responsibility to investigate fraud in the
1.4 programs administered by the Department of Education, but the inspector general has
1.5 authority to conduct independent investigations."

1.6 Reletter the paragraphs in sequence

1.7 Page 16, line 9, delete "(a)"

1.8 Page 16, delete lines 22 to 24

1.9 Page 19, delete subdivision 3

1.10 Page 20, delete subdivision 4

1.11 Renumber the subdivisions in sequence

1.12 Page 20, delete lines 28 to 31 and insert:

1.13 "(c) No employees or positions in the Department of Education are transferred under
1.14 this section."

1.15 Page 22, line 16, after the period, insert "The interagency agreement must include a
1.16 clause on cost-sharing for investigations that may require multiagency coordination and a
1.17 clause that details what process will be followed if a joint investigation is required. The
1.18 department and the inspector general may coordinate investigative efforts as necessary or
1.19 practical, but an interagency agreement must not diminish, delay, or restrict the inspector
1.20 general's ability to investigate fraud and misuse when an independent investigation is
1.21 pursued. The interagency agreement must address data sharing between the department and
1.22 the Office of the Inspector General in compliance with Minnesota Statutes, section 13.32;
1.23 United States Code, title 20, section 1232g; and Code of Federal Regulations, title 34,

2.1 chapter 99. The interagency agreement must address any other items necessary to effectuate
 2.2 Minnesota Statutes, chapter 15E, and section 127A.21."

2.3 Page 22, line 17, after "commissioner" insert "of education"

2.4 Page 23, after line 14, insert:

2.5 "Sec. 2. Minnesota Statutes 2024, section 127A.21, subdivision 1, is amended to read:

2.6 Subdivision 1. **Establishment of Office of the Inspector General; powers; duties.** ~~The~~
 2.7 ~~commissioner must establish within the department an Office of the Inspector General. The~~
 2.8 ~~inspector general shall report directly to the commissioner.~~ The Office of the Inspector
 2.9 General is an office within the department charged with protecting the integrity of the
 2.10 department and the state by detecting and preventing fraud, waste, and abuse in department
 2.11 programs. The Office of the Inspector General must conduct independent and objective
 2.12 investigations under the direction of the department's inspector general and the state inspector
 2.13 general to promote the integrity of the department's programs and operations. When fraud
 2.14 or other misuse of public funds is detected, the Office of the Inspector General must report
 2.15 it to the appropriate law enforcement entity and collaborate and cooperate with law
 2.16 enforcement to assist in the investigation and any subsequent civil and criminal prosecution.

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

2.18 Page 23, delete line 25 and insert:

2.19 "(c) "Office of the Inspector General" means the office established under subdivision
 2.20 1."

2.21 Page 24, after line 5, insert:

2.22 "(e) "State inspector general" means the inspector general appointed under chapter 15E."

2.23 Page 24, delete lines 12 to 17 and insert:

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

2.25 Page 24, before line 18, insert:

2.26 "Sec. 4. Minnesota Statutes 2024, section 127A.21, subdivision 2, is amended to read:

2.27 Subd. 2. **Hiring; reporting; procedures.** (a) ~~The commissioner, or the commissioner's~~
 2.28 ~~designee, must hire an~~ inspector general to lead serves as the head of the Office of the
 2.29 Inspector General. The inspector general reports directly to the state inspector general
 2.30 regarding investigative and policy issues, including execution of the inspector general's

3.1 duties as the head of the Office of the Inspector General. When the position of inspector
3.2 general is vacant, the commissioner must appoint an inspector general in consultation with
3.3 the state inspector general. The state inspector general must recommend inspector general
3.4 candidates to the commissioner. The inspector general has supervisory responsibility for
3.5 the Office of the Inspector General, must fulfill the duties in this section, and may sign
3.6 agreements or memoranda of understanding on behalf of the Office of Inspector General.
3.7 The commissioner is responsible for human resources and other administrative
3.8 responsibilities, including but not limited to compliance with the commissioner of
3.9 management and budget's policies with respect to the Office of the Inspector General.

3.10 (b) The inspector general must hire a deputy inspector general and, at the discretion of
3.11 the inspector general, sufficient assistant inspectors general to carry out the duties of the
3.12 office. The inspector general, deputy inspector general, and any assistant inspectors general
3.13 serve in the classified service. All employees and positions within the Office of the Inspector
3.14 General are employed by the department.

3.15 (c) The commissioner must ensure the effective allocation of resources appropriated by
3.16 the legislature for purposes of the Office of the Inspector General and other general agency
3.17 administrative resources and supports.

3.18 ~~(b)~~ (d) In a form and manner determined by the inspector general, the Office of the
3.19 Inspector General must develop a public platform for the public to report instances of
3.20 potential fraud, waste, or abuse of public funds administered by the department. Nothing
3.21 in this paragraph shall be construed to give a member of the public standing to sue based
3.22 on allegations of fraud, waste, or abuse.

3.23 ~~(e)~~ (e) The inspector general shall establish procedures for conducting investigations.
3.24 Procedures adopted under this subdivision are not subject to chapter 14, including section
3.25 14.386.

3.26 **EFFECTIVE DATE.** This section is effective July 1, 2027."

3.27 Page 29, after line 6, insert:

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

3.30 **Subd. 12. Office of the Inspector General; reports.** The commissioner must submit
3.31 final investigative reports to the state inspector general for any investigation conducted by
3.32 the inspector general into fraud or misuse, as defined in section 15E.15, within programs
3.33 administered by the department.

- 4.1 **EFFECTIVE DATE.** This section is effective January 1, 2027."
- 4.2 Page 34, delete sections 14 and 15
- 4.3 Renumber the sections in sequence and correct the internal references
- 4.4 Amend the title accordingly