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NINA MOINI: Marquee fraud-prevention legislation is on its way to Governor Tim Walz' desk to be signed into law. The bill to create an Office of Inspector General got final approval in the senate yesterday in a unanimous vote. The new office will have power to review payments for public programs and can take action if it spots irregularities.

The office is set to be fully operational by September 1 of 2027. Legislative Auditor Judy Randall is familiar with this type of work. Her office conducts routine audits on state agencies, and she joins me now. Thanks for your time this afternoon.

JUDY RANDALL: Thanks for having me, Nina. Nice to chat with you.

NINA MOINI: Nice to chat with you as well. I wonder if you would start by telling people what's important to know about what this new office will and won't be able to do.

JUDY RANDALL: Sure. And as you noted, it's still going to be getting set up for another year or so. So I think what it actually ends up doing is yet to be seen-- once somebody gets in there to start leading the office. But I think the key thing that this office will do is really focus on suspected fraud, looking at providers and recipients of publicly funded programs and services.

My hope is that this is an office that can do really in-depth data analytics and looking at trends across state agencies to identify patterns and maybe some red flags and indicators of fraud and then be able to dig in deep. So that would be a new value add, I think, looking across all of the agencies and looking for those patterns. What it won't be able to do-- its purview is focused on the executive branch.

So it won't be looking at the legislative branch. It won't be looking at the judicial branch. It has the authority in about a year or so to establish a law enforcement unit, but that is not an automatic. That was something that got negotiated between the house and senate this past session.

And I think without, frankly, a significant investment in technology, some of those data analytics that I really hope it can do I think it will have a hard time doing unless it gets an infusion of investment in data and technology to enhance its abilities.

NINA MOINI: And the data and technology analysis that you're talking about, is that more in the realm of preventing fraud? Because I think a lot of people are concerned about finding fraud after it happens but also preventing it from happening.

JUDY RANDALL: That's a great question, Nina, and I'm glad you brought that up because that's one of the notes I kind of jotted down--

NINA MOINI: Oh, good.

JUDY RANDALL: --in preparing to talk to you. I would say OLA-- the Office of the Legislative Auditor-- is focused more on the prevention side of things. We look at internal controls. We go into agencies, we look at internal controls.

We look at program performance and effectiveness. And we identify vulnerabilities and weaknesses where we think there's the opportunity for fraud. And we make recommendations to agencies and to the legislature to tighten those up. So I would say OLA is more focused on the prevention side, which I think is incredibly important.

An OIG and this OIG is going to be focused more on catching it after it happened. So it's a little bit more of the pay-and-chase model, which is not as cost effective. It's just not as efficient. But I would say it needs both. They're both important.

Unfortunately, as you and your listeners know, there has been a lot of fraud right now in Minnesota's government. And so we do need this ability, also, to have a group focused on the pay and chase. So the data-analytics piece is more focused on identifying patterns of possible outliers.

If you think about Feeding Our Future, it grew exponentially faster than the other providers in that space with the school lunches and everything. So looking at those, identifying those indicators, and then looking more deeply into it. So it would be after it's happened but hopefully before it's gotten out-of-control big.

NINA MOINI: OK. With that in mind, how do you foresee your office interacting with this new office? Would there be overlap?

JUDY RANDALL: Yeah. [CHUCKLES] You know, I mean, it's something that we, of course, have thought a lot about. And I've had a lot of conversations about that. There are definitely going to be places of intersection between OLA and the OIG. I will say that there are places of intersection with this new OIG, frankly, in almost all of its powers.

It's going to overlap with the internal controls unit in the executive branch that already exists. It's going to intersect and overlap with the Bureau of Criminal Apprehension, as it has a law enforcement agency. It's going to intersect and overlap with the OIGs that already exist at the Department of Human Services and Children, Youth, and Families and Health.

And so there's already a lot of overlap concerns. What I would say for OLA is that we already work very well with, for example, DHS OIG. And we refer things to them, and they refer things to us. So we kind of have our different areas of focus and specialty.

And so we will do the same with the statewide OIG, you know? There will certainly be conversations as we navigate forward.

NINA MOINI: And that was kind of at the heart of part of this debate, was the idea of, should the state put more resources into oversight within existing agencies or departments or start this new OIG? And a lot of people thought it was time for this new entity, specifically with a focus on bipartisanship, bipartisan support. Similar to your position, I understand a commission will recommend finalists for the inspector general role to the governor.

There's then a senate confirmation process that will require bipartisan support. How tough do you think it would be to find a person to run this? Are you hearing any names being tossed around at this point?

JUDY RANDALL: That's a great question. I have not yet heard names, although I would expect that to start sooner than later. I think it's going to be a tough position to fill. It's an extremely important position, especially setting up this office and really establishing its focus, the tone, its independence, all of those things you identified with the senate confirming the appointment, the appointment being made by the governor, a legislative commission nominating people.

All of those pieces are in place to help provide independence and protect this office. But I think a lot of that is going to be established by the first person to fill this role. So I think it's going to be an incredibly important nomination and appointment process, and I wish that person a lot of luck.

NINA MOINI: It sounds like it won't be you. You won't be applying, it sounds like.

JUDY RANDALL: It definitely will not be me.

NINA MOINI: Well, how much pressure, with that in mind, do you think will be on this person to get things done and to deliver fast? I mean, you're talking about all of these challenges around, maybe, technology and building something from the ground up. Do you worry that support could wane for this office or this space if they don't deliver?

JUDY RANDALL: It's another great question, Nina. I do worry about that. I think if the legislature wants it to be successful, which I'm sure it does want it to be successful, I think we need to give this office some time, some grace, and some resources. I think it's an incredibly big ask.

I have noted before that there are well over 2,000 different subsystems, different IT systems in state government. And so for an Office of Inspector General to have insight into all the different systems that identify eligibility, that make payments, all of those different things, it's going to take time and resources. And I do worry that they're starting off pretty small right now.

So I do hope that expectations are right sized for this office until it gets its feet under it and really figures out how it fits into the oversight landscape in state government.

NINA MOINI: OK. I know our politics team here at MPR News is going to be keeping a close eye on things as they progress, and we really appreciate your perspective. Legislative Auditor Judy Randall, thanks for your time.

JUDY RANDALL: Thanks, Nina. Have a great day.