



**DEPARTMENT OF
HUMAN SERVICES**

**Civil Monetary Penalty (CMP)
Program Audit
Minnesota**

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Background

- Initially began as an audit of Medicaid program financial management records
- Disputed the exclusion of CMP amounts from certain CMS reporting
- Audit was expanded to look at “reasonableness” (appropriate use) of CMP expenditures

Background

- Covered 3 fiscal years (FFY 13-15)
- Examined all CMP collections during this period of time
- Reviewed all CMP projects funded during that time period

Financial Management Documentation

- Track CMP receipts (deposits)
- Track CMP outlays (expenditures)

Project Documentation

- Copy of project application
- Copy of CMS approval letter
- Copy of Excel budget document
- Other application materials

Expense Documentation

- Keep copies of ALL supporting documentation
 - Actual receipts, invoices
- Source documents for your grantees/contractors (contracts) AND their subcontractors

HOW MUCH DID YOU SPEND, FOR WHAT, WHEN, WHICH PROJECT?

Regulatory Documentation

- CMS Policy Letters and Transmittals
- Other Official CMS Guidance documents
 - State Laws and Policies on CMPs

Policy Documentation

- Copies of all CMS informal emails supporting a decision or giving permission to take some action
 - State internal emails
- CMP Committee/workgroup meeting minutes authorizing decisions

Other Documentation

- Record Retention policies
- Other (e.g. state financial management policies, etc.)

Timeframes

- SFY vs FFY
- Expenditures crossing fiscal years
 - Collections vs Expenditures

Audit Protocols

- Examine previous reviews/investigations conducted by OIG auditor/s
 - OIG auditor works with State program staff to obtain documents
- OIG conducts a supervisory review, submits draft report of findings to State and schedules Exit Conference/Interview

Exit Interview

Opportunity to:

- briefly discuss preliminary (draft) findings (and view draft report, *if* made available at this point)
 - dispute findings (Short opportunity to quickly gather additional documentation to support the legitimacy of expenditures and/or deposits)

Official Findings-our case

- “Expenditures generally allowable,”* only a small amount disallowed-
- Identified and disallowed claims for items that *“were already supported by other Federal and State funding sources.”*-
- Approximately 20% of CMP collections were spent during the same time period (which CMS found too low)-

CMP Program Audit Lessons Learned

Document, document, document !

- Incoming deposits/Outgoing expenditures
- “Decision” documents (application packet, approval letters, etc.)
- Project documentation (invoices, receipts, contracts, subcontracts)
 - Regulatory & Policy documents (formal & informal) supporting actions
- Reasons for discrepancies/supporting documentation

CMP Program Audit Lessons Learned

- Obtain CMS RO written approval when in doubt
and retain for your records
- Make good project choices, but don't be too conservative about
spending funds

Thank you!

For questions, please contact:

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