



February 10, 2025

Dear Representative Davis and State Government Committee Members,

I am writing in regard to House File 2, specifically the provision in section one on required reports by state employees of suspected fraud.

I appreciate your and the committee's interest in this topic and hope it is an area where we can find common ground. Minnesota is a state committed to helping people — and we're committed to providing services that improve the lives of Minnesotans. Fraud against these public programs is unacceptable. It is not a victimless crime, it harms the same people we're trying to help with these services. We continue to work throughout the executive branch to test and strengthen our ability to prevent and detect fraud and waste while furthering a culture of compliance at all levels of every agency.

We do see some concern on the current construction of section one on required reports by state employees of suspected fraud. This new requirement partially overlaps with existing requirements in Minn. Stat. 3.971, subd. 9 that require chief executive, financial, or information officers of an organization to report to the Legislative Auditor upon obtaining information that public money or other resources may have been used for an unlawful purpose. The Legislative Auditor is then responsible for coordination with appropriate law enforcement officials.

Directing such reporting through the Legislative Auditor carries a number of benefits as compared to the legislative reporting proposed in section 1:

- Reporting through the OLA provides for consistent and diligent investigation following reporting. While the expertise and capacity of the legislators set to receive reports of suspected fraud in HF 2 may vary, especially over time, reports to the OLA are received by nonpartisan staff with professional expertise and in an office with systems to ensure consistent follow-through.
- Reporting through the OLA provides for careful handling of sensitive or nonpublic information. The OLA works within a clearly defined data practices framework in statute, which sets out when certain data are classified as confidential or protected nonpublic until a final report is released or the matter is no longer being actively investigated. The OLA also has the authority to classify data that could be used to determine the identity of an individual or entity supplying data for an audit as private or nonpublic if the data would not have been provided to the OLA without an assurance that the identity of the individual would remain private or nonpublic, or the OLA reasonably believes the data would not have been provided.
- Reporting through the OLA provides an unambiguous and well-known place for reports to be made. While it may not always be clear which committee's chair and ranking member are appropriate to receive a report as section 1 is currently drafted, the OLA maintains existing and clearly defined ways to send reports via web form, email, phone and U.S. Mail.

The proposed measure is also redundant to requirements in Minn. Stat. 43A.38 and HR/LR policy [1445 Code of Ethical Conduct](#). The Code of Ethical Conduct requires employees to report any violations of the policy including “evidence of theft, embezzlement, or unlawful use of public funds of property through designated agency channels.” Agency leaders, managers, and supervisors are subsequently required to report to law enforcement and the Office of the Legislative Auditor under a number of circumstances including when “evidence of theft, embezzlement, or unlawful use of public funds or property is discovered.” The creation of dual reporting requirements is inefficient and risks creating confusion for state employees, thus weakening internal controls and the state’s ability to identify and combat fraud, waste and abuse. We welcome a conversation with the legislature aimed at strengthening the Code of Ethical Conduct policy and improving reporting and accountability.

Sincerely,

A handwritten signature in blue ink that reads "Erin M. Campbell". The signature is written in a cursive, flowing style.

Erin Campbell  
Commissioner