

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 2897

(SENATE AUTHORS: MATHEWS, Coleman and Pratt)

DATE
03/24/2025

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1008 Introduction and first reading
Referred to State and Local Government

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to state government; establishing a Commission on Government Efficiency
1.3 and Ethics to investigate allegations of fraud in state programs and undisclosed
1.4 legislative conflicts of interest; requiring a report; appropriating money; amending
1.5 Minnesota Statutes 2024, section 16B.98, subdivision 8; proposing coding for new
1.6 law in Minnesota Statutes, chapter 3.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. **[3.99] COMMISSION ON GOVERNMENT EFFICIENCY AND ETHICS.**

1.9 Subdivision 1. **Creation.** The Commission on Government Efficiency and Ethics is
1.10 established to investigate allegations of fraud in state government and undisclosed conflicts
1.11 of interest in the legislature.

1.12 Subd. 2. **Membership.** The commission consists of six members, three citizens appointed
1.13 by the speaker of the house and three citizens appointed by the minority leader of the house
1.14 of representatives, with the six citizen appointees approved as a slate by both the majority
1.15 leader and minority leader of the senate. If the majority leader or minority leader of the
1.16 senate rejects the slate, the speaker of the house and minority leader of the house of
1.17 representatives must appoint a new slate for consideration. The speaker of the house and
1.18 minority leader of the house must make appointments as soon as possible after the opening
1.19 of the regular session of the legislature each odd-numbered year and must not appoint a
1.20 current federal, state, or local elected official or a person who at any time was a candidate
1.21 for partisan office.

1.22 Subd. 3. **Terms.** Members of the commission serve a two-year term beginning upon
1.23 appointment and expiring upon appointment and approval of a successor after the opening

2.1 of the next regular session of the legislature in the odd-numbered year. There is no term
2.2 limit for commission members.

2.3 **Subd. 4. Reporting; reward.** (a) The commission must maintain a website and telephone
2.4 hotline for any person to report, and to do so anonymously if the person so chooses:

2.5 (1) suspected fraud in a program funded fully or partially, or administered fully or
2.6 partially, by the state; or

2.7 (2) an undisclosed conflict of interest by a member of the house of representatives or
2.8 senate.

2.9 (b) The commission may award up to \$5,000 to any person whose report results in a
2.10 criminal conviction, successful civil action, or the expulsion of a member of the house of
2.11 representative or senate.

2.12 (c) For purposes of this section, "undisclosed conflict of interest" means voting on a
2.13 question when the member has an immediate financial interest in the question without first
2.14 disclosing the conflict as required under the rules of the house of representatives for members
2.15 of the house, or the rules of the senate for members of the senate.

2.16 **Subd. 5. Investigations; private investigator; cooperation required.** (a) Any member
2.17 of the commission may order an investigation based on a report or tip received by the
2.18 commission or a commission member under subdivision 4 or otherwise.

2.19 (b) The commission must contract with a private investigator to perform an investigation
2.20 under this subdivision.

2.21 (c) All public officials and their deputies and employees and all corporations, firms, and
2.22 individuals having business involving the receipt, disbursement, or custody of public funds
2.23 shall at all times:

2.24 (1) afford reasonable facilities for examinations by an investigator performing an
2.25 investigation ordered by the commission;

2.26 (2) provide returns and reports required by the investigator;

2.27 (3) attend and answer under oath the investigator's lawful inquiries;

2.28 (4) produce and exhibit all books, accounts, documents, and property that the investigator
2.29 requests to inspect; and

2.30 (5) in all things cooperate with the investigator.

3.1 Subd. 6. **Forensic audits.** A member of the commission may order a full forensic audit
3.2 of any state agency or grantee named by the legislature. The commission must contract with
3.3 a private entity to conduct the audit. For purposes of this subdivision, "forensic audit" means
3.4 a systematic evaluation of the effectiveness of the grantee's internal controls over programs,
3.5 processes, receipts, and expenditures to identify ineffective controls and vulnerabilities and
3.6 to expose fraud, waste, and abuse.

3.7 Subd. 7. **Reporting required.** (a) If an investigation or forensic audit documents credible
3.8 evidence of fraud, the commission must report to the appropriate law enforcement entity,
3.9 the chair and ranking minority member of the Committee on Rules and Legislative
3.10 Administration in the house of representatives, and the chair and ranking minority member
3.11 of the Committee on Rules and Administration in the senate.

3.12 (b) If an investigation documents credible evidence of an undisclosed conflict of interest,
3.13 the commission must issue a public report and submit this report to the chair and ranking
3.14 minority member of the Committee on Rules and Legislative Administration in the house
3.15 of representatives for an investigation concerning a member of the house of representatives,
3.16 or the chair and ranking minority member of the Committee on Rules and Administration
3.17 in the senate for an investigation concerning a member of the senate.

3.18 (c) At least annually, the commission must submit a report to the chair and ranking
3.19 minority member of the Committee on Rules and Legislative Administration in the house
3.20 of representatives and the chair and ranking minority member of the Committee on Rules
3.21 and Administration in the senate with recommendations concerning the prevention of fraud
3.22 in state programs and undisclosed conflicts of interest in the legislature.

3.23 Subd. 8. **Meetings; officers.** (a) The open meeting requirements of section 3.055 apply
3.24 to meetings of the Commission on Government Efficiency and Ethics, except the commission
3.25 may conduct a closed meeting when discussing a report received under subdivision 4, an
3.26 active investigation ordered under subdivision 5, or a forensic audit ordered under subdivision
3.27 6. A meeting is not required for a member of the commission to order an investigation under
3.28 subdivision 5 or a forensic audit under subdivision 6.

3.29 (b) The commission members must elect a chair and vice-chair, and other officers from
3.30 its membership as it deems necessary.

3.31 Subd. 9. **Staff support.** The executive director of the Legislative Coordinating
3.32 Commission must provide administrative support for the Commission on Government
3.33 Efficiency and Ethics under section 3.305, subdivision 4.

4.1 Subd. 10. **Compensation.** Members serve without compensation but, if approved by
4.2 the chair, may be reimbursed for their reasonable expenses in the same manner and amount
4.3 as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2.

4.4 Sec. 2. Minnesota Statutes 2024, section 16B.98, subdivision 8, is amended to read:

4.5 Subd. 8. **Audit.** (a) A grant agreement made by an executive agency must include an
4.6 audit clause that provides that the books, records, documents, and accounting procedures
4.7 and practices of the grantee or other party that are relevant to the grant or transaction are
4.8 subject to examination by the commissioner, the granting agency, private investigators
4.9 under contract with the Commission on Government Efficiency and Ethics, and either the
4.10 legislative auditor or the state auditor, as appropriate, for a minimum of six years from the
4.11 grant agreement end date, receipt and approval of all final reports, or the required period
4.12 of time to satisfy all state and program retention requirements, whichever is later. If a grant
4.13 agreement does not include an express audit clause, the audit authority under this subdivision
4.14 is implied.

4.15 (b) If the granting agency is a local unit of government, and the governing body of the
4.16 local unit of government requests that the state auditor examine the books, records,
4.17 documents, and accounting procedures and practices of the grantee or other party according
4.18 to this subdivision, the granting agency shall be liable for the cost of the examination. If
4.19 the granting agency is a local unit of government, and the grantee or other party requests
4.20 that the state auditor examine all books, records, documents, and accounting procedures
4.21 and practices related to the grant, the grantee or other party that requested the examination
4.22 shall be liable for the cost of the examination.

4.23 (c) A grant agreement between an executive agency and a grantee named by the legislature
4.24 must include a forensic audit clause requiring the grantee to fully cooperate with an
4.25 investigation or forensic audit ordered by a member of the Commission on Government
4.26 Efficiency and Ethics.

4.27 Sec. 3. **APPROPRIATION; COMMISSION ON GOVERNMENT EFFICIENCY**
4.28 **AND ETHICS.**

4.29 \$..... in fiscal year 2026 and \$..... in fiscal year 2027 are appropriated from the general
4.30 fund to the executive director of the Legislative Coordinating Commission for purposes of
4.31 the Commission on Government Efficiency and Ethics.