



# Special Reviews Division 2025 Annual Report

## About the Special Reviews Division

The Office of the Legislative Auditor's (OLA's) Special Reviews Division (SRD) receives reports concerning a wide variety of issues, including possible misuse of state money and other public resources; noncompliance with state law; and unlawful access to or release of not public government data. We receive reports from legislators, whistleblowers, and members of the public. Public employees are required by law to report certain issues to OLA.

We conduct a preliminary assessment of every report we receive. For example, we look at the evidence that has been provided, and we consider the nature and potential impact of the alleged wrongdoing.

We may consider addressing the concern during a current or future audit or evaluation, or we may initiate a special review to give focused attention to the issue. Alternatively, we may decide there is no basis for further action, or we may refer the issue to another agency that can more appropriately review it. If we conduct an inquiry or special review of an issue, we communicate the results to complainants, affected agencies, and legislators, as appropriate.

## In 2025, the Special Reviews Division:

Sent or made over  
**950**  
written or verbal  
communications to  
individuals and entities  
about the reports  
they made to OLA

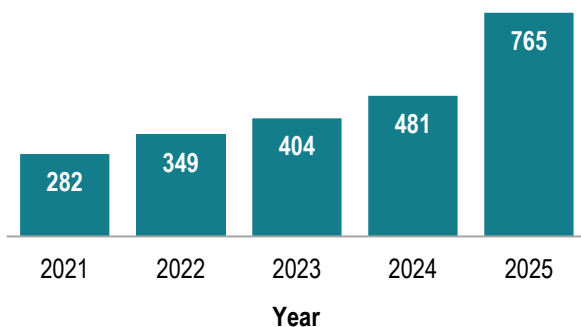
Conducted in-depth  
research related to about  
**80**  
reports received

Referred more than  
**65**  
reports, along with OLA  
analysis, to law enforcement  
agencies and others

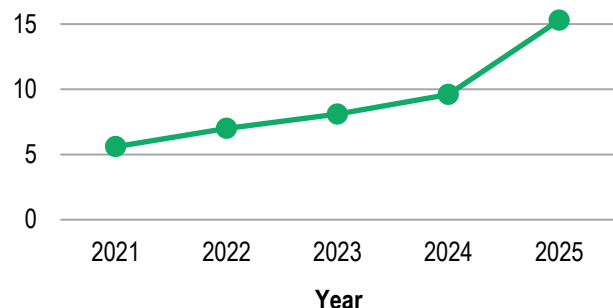
Completed  
**14**  
inquiries and  
special reviews

OLA has received a growing number of reports over time, with an increase of nearly 60 percent from 2024 to 2025.

Total Number of Reports Received



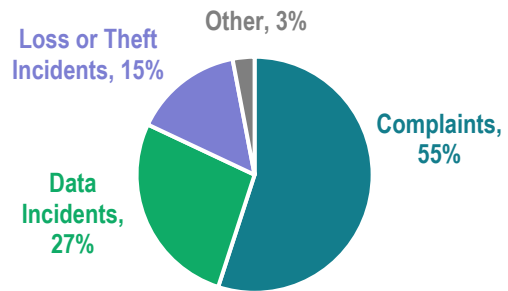
Average Number of Reports Received per Week



Of the 765 reports OLA received in 2025, the majority involved allegations of unlawful use of funds, noncompliance, or other wrongdoing.

In 2025, OLA received 419 reports that included **complaints** alleging issues with the use of public funds or resources, government administration, and employee conduct, among other concerns. OLA received 206 reports of **data incidents**, including reports of data breaches and unlawful disclosures of not public government data. OLA received 118 reports related to **loss or theft** of public money or other public resources.

Types of Reports Received in 2025



### Complaints

Complaints generally include concerns about the operation of government agencies and programs; alleged misuse of public money, property, or other public resources; and suspected violation of laws or contractual obligations when conducting state business. Most complaints OLA received in 2025 (58 percent) were submitted by members of the public.

Among the complaints we received in 2025, the single largest category of allegations (32 percent) concerned the use of public funds, including grant funds, Medical Assistance (Medicaid) funds, and state contract funds. For example, we received many allegations related to how grant funds were used by nongovernment entities, such as allegations that entities used public funds in ways that were inconsistent with legal or contract requirements.

Another 29 percent of allegations involved state government administration, including concerns about how agencies administered programs, contracts, grants, or other government services. For instance, allegations regarding state government administration often concerned the decisions made or processes implemented by state agencies. Some allegations concerned possible noncompliance with law; other allegations related to inefficient or ineffective government programs or services.

Type of Allegation	Percentage of Total Allegations Received in 2025 <sup>a</sup>
<b>Use of public funds</b>	<b>32%</b>
Grant funds	7
Medical Assistance funds	6
Contract funds	< 1
Multiple or other types of public funds	18
<b>State government administration</b>	<b>29</b>
Agency administration	18
State services	4
Program administration	2
General concerns about state government	2
Contract administration	1
Grant administration	1
<b>Local government administration</b>	<b>9</b>
<b>State employee conduct</b>	<b>8</b>
<b>Other or unclear</b>	<b>22</b>

<sup>a</sup> Some complaints contained multiple allegations. There were 456 allegations among the 419 complaints OLA received in 2025.

Source: Office of the Legislative Auditor.

State agencies and nongovernment entities were most often the subjects of complaints. Specifically, 31 percent of the subjects were state agencies, including agencies in all three branches of government. Twenty-seven percent were nongovernment entities. Nongovernment entities generally included private businesses or nonprofit organizations that had state contracts or grants, or that were otherwise authorized by a government entity to provide public goods or services.

Subject of Complaint	Percentage of Total Subjects of Complaints <sup>a</sup>
State agency	31%
Nongovernment entity	27
State employee	12
Local government entity	12
Individual	6
Local government employee	5
Other or unclear	7

<sup>a</sup> Some complaints contained multiple subjects. There were 445 subjects among the 419 complaints OLA received in 2025.

Source: Office of the Legislative Auditor.

### Data Incidents

Data incidents occur when unauthorized individuals gain access to not public data. Most data incidents (99 percent) were reported to OLA by state agencies.

The majority of data incidents reported to OLA in 2025 (58 percent) were the result of employee error, such as instances when an employee mistakenly provided not public information to the wrong person. Participant or recipient errors, which are typically the result of outdated or incorrect contact information, caused 24 percent of data incidents, while 8 percent of data incidents were caused by technological errors, including software malfunctions.

Cause of Data Incident	Percentage of Total Data Incident Causes <sup>a</sup>
Employee error	58%
Participant or recipient error	24
Technological error	8
External data breach	5
Other or unknown	5

<sup>a</sup> Some reports of data incidents contained multiple incidents or had multiple causes. There were 640 causes among the 206 reports of data incidents OLA received in 2025.

Source: Office of the Legislative Auditor.

Five percent of the data incidents reported to OLA in 2025 involved external data breaches. External data breaches are intentional acts to gain access to or share not public data. For example, a data breach may occur when a bad actor hacks into a system that contains not public information.

### Loss or Theft Incidents

Loss or theft incidents occur when state money, property, or other resources are lost, damaged, stolen, or can no longer be used for other reasons. Most loss or theft incidents (97 percent) were reported to OLA by state agencies. Accidental misplacement (loss), theft of payment information, and employee error were the most common causes of loss and theft incidents reported to OLA in 2025.

Cause of Loss or Theft Incident	Percentage of Total Loss or Theft Causes <sup>a</sup>
Misplacement	30%
Theft of payment information	29
Employee error	12
Theft of cash or money	9
Theft of tangible property	8
Other or unknown	12

<sup>a</sup> Some reports of loss or theft incidents contained multiple incidents or had multiple causes. There were 235 causes among the 118 reports of loss or theft incidents OLA received in 2025.

Source: Office of the Legislative Auditor.

**OLA completed work on most reports received in 2025 by the end of the year.**

By January 2026, we had completed our work on and closed 584 of the 765 reports OLA received in 2025 (76 percent). Reports that remained active in January 2026 included reports deferred for an ongoing or possible future OLA performance audit, program evaluation, or special review; reports that were related to active OLA inquiries and reviews; reports that were on hold while SRD staff waited for or assessed information necessary to recommend a disposition; reports that were complete but awaiting final closure or referral communication; or reports received late in 2025.

**OLA completed four special reviews and 10 inquiries in 2025.**

Special reviews typically involve matters that (1) are of broad public interest, including matters that are applicable beyond the specific facts at issue; (2) warrant considering legislative changes; or (3) would benefit from public accountability. In contrast to special reviews, inquiries involve matters that are not of broad public interest. For example, inquiries may relate to unique factual circumstances; matters that can be resolved by minor agency actions; or matters that do not involve misconduct, mismanagement, misuse of resources, or legal noncompliance.

The four special reviews we published in 2025 were:

- *Minnesota Pollution Control Agency's Oversight of Smith Foundry* (released February 2025)
- *MINNCOR Industries' Contracting Practices for Interstate Commerce* (released June 2025)
- *The Department of Natural Resources' Administration of the Shade Tree Bonding Grants Program* (released June 2025)
- *Department of Natural Resources Timber Harvest Decisions in Wildlife Management Areas* (released October 2025)

Summaries of the 10 inquiries follow.

***Accuracy of Department of Human Services Holiday Pay***

OLA received multiple complaints about the accuracy of pay for certain Department of Human Services (DHS) Direct Care and Treatment staff who worked overnight around a state holiday.<sup>1</sup> In response to the complaints, we requested and reviewed information about DHS payroll processes. We also analyzed employee timecard and payroll data.

Our analysis of relevant payroll data and timesheets produced insufficient evidence to warrant continuing our inquiry into DHS's payroll processing practices. We communicated our determination to DHS and to the individuals who filed complaints with us.

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<sup>1</sup> At the time OLA received these complaints, Direct Care and Treatment (DCT) was a division within DHS. DCT became a separate state agency on July 1, 2025.

### ***Alleged Conflict of Interest Involving a Department of Natural Resources Employee***

OLA received an allegation of a conflict of interest in a Department of Natural Resources (DNR) employee's personal relationship with a leaseholder of DNR school trust land. In response to the complaint, we requested and reviewed information from DNR and analyzed applicable legal and policy requirements.

Our review indicated that there was no conflict of interest in the specific situation. However, we believed DNR could strengthen its practices around disclosing, documenting, and addressing potential conflicts of interest to ensure compliance with state law and policy. As a result, we sent a letter to DNR encouraging it to refine its conflict of interest procedures to ensure employees submit written disclosures of all actual, potential, or apparent conflicts of interest with respect to land leases. We also communicated our findings to the complainant.

### ***Alleged DHS Provider Manual Issue***

OLA received a complaint alleging a discrepancy between DHS's Minnesota Health Care Program provider manual and legal requirements related to whether certain providers can receive reimbursement for telehealth visits. We requested information from DHS, examined relevant state laws, and reviewed language in the provider manual. Based on our limited analysis, we did not find a discrepancy between the manual and the applicable legal requirements. We communicated our conclusion to DHS and the complainant.

### ***A New Law's Effect on Minnesota State Retirement System Authority***

OLA received a request from a legislator to review what actions, if any, the Minnesota State Retirement System (MSRS) had taken to resolve an error related to an individual's retirement benefits. In response, we requested and received information from MSRS regarding the impact a newly enacted law had on the MSRS executive director's authority to correct errors. We also asked whether MSRS enacted any policy or procedure changes as a result of the recent legislation and whether there were any cases for which MSRS applied, or considered applying, this law.

Our review indicated that the newly enacted law broadened the MSRS executive director's authority to correct operational errors that affected retirement plan members or beneficiaries. As of October 2024, MSRS had only considered applying the new law to one case, which MSRS and the plan beneficiary resolved via agreement. After we completed our work, we summarized the new law's effect on MSRS authority in a letter to the requesting legislator.

### ***Concerns About a Federal Nutrition Program Sponsor***

The Minnesota Department of Education (MDE) notified OLA of concerns that an entity misused funds from two federal nutrition programs. We requested and reviewed documentation of MDE's monitoring of the organization and discontinued our inquiry after MDE acted to address the issue.

### ***Excessive DHS Employee Overtime***

OLA was notified that a DHS employee had inappropriately claimed large amounts of overtime hours. We reviewed DHS's handling of the matter and discontinued our inquiry after DHS acted to address the issue.

### ***Minnesota Board of Firefighting Training and Education's Handling of a Complaint***

OLA received multiple complaints that a local fire department had overstated the number of firefighters that worked for the department, resulting in the department receiving more state funds than it should have. The complainants also stated they reported their concerns to the Minnesota Board of Firefighting Training and Education (MBFTE), but no action was taken to address their concerns. In response to the complaints, we requested and reviewed information from MBFTE and analyzed applicable legal and policy requirements.

We learned that MBFTE had previously received the aforementioned complaint and investigated it. MBFTE did not find evidence that supported the complainants' claims of intentional misrepresentation. Based on our limited review, MBFTE appeared to have taken reasonable action to ensure corrections of the fire department's roster. MBFTE reviewed payments it made to the local fire department and did not identify any overpayment. We communicated our findings to the complainants.

### ***Minnesota Information Technology Services' Administration of Two Technology-Related Funding Programs***

OLA received multiple complaints regarding Minnesota Information Technology Services' (MNIT's) administration of the State and Local Cyber Security Grant Program and the Technology Modernization Fund. The complaints related to MNIT's timeline for disbursing funds and planned use of the funds, among other things. In response to the complaints, we requested and reviewed information from MNIT related to its administration of the programs. We also researched state and federal laws related to the programs.

Our review indicated that state and federal law authorized MNIT to determine how to disburse the funds. We also determined that MNIT was not unreasonably delayed in disbursing the funds. After we concluded our work, we communicated our determination to MNIT and to the complainants.

### ***Possible MNDrive License Plate System Error***

OLA received a complaint regarding a potential issue with the MNDrive License Plate System and the Department of Public Safety's (DPS's) process for issuing replacement license plates. We requested and reviewed information about the aforementioned system and process, examined relevant state statutes, and reviewed correspondence between DPS and the complainant. Our limited analysis indicated that DPS has an appropriate process to issue replacement license plates, audit for compliance, and respond to individual concerns. We communicated our conclusion to DPS and to the complainant.

### ***Board of Peace Officer Standards and Training Data Disclosure***

OLA learned of an inadvertent disclosure of not public government data by the Board of Peace Officer Standards and Training (POST Board) when it responded to a data practices request. We requested information about the incident and informed the POST Board of its obligation to report such incidents to OLA. The POST Board responded to our request, and we discontinued our inquiry after reviewing its response to our request.