

Minutes
Legislative Audit Commission
November 4, 2025

Members Present:

Senator Calvin K. Bahr
Senator D. Scott Dibble
Senator Mark W. Koran
Senator Ann H. Rest
Representative Patti Anderson
Representative Emma Greenman
Representative Rick Hansen
Representative Steven Jacob
Representative Fue Lee
Representative Duane Quam

Members Absent:

Senator Steve S. Drazkowski
Senator Tou Xiong

Other Legislators Present:

Representative Ginny Klevorn

Senator Ann H. Rest, Chair, called the Legislative Audit Commission (LAC) meeting to order at 10:01 a.m. in room G3 State Capitol to hear the key findings and recommendations in the performance audit, *Office of the Governor and Lieutenant Governor*. Senator Rest introduced Lori Leysen, Deputy Legislative Auditor, and Judy Randall, Legislative Auditor, for the Office of the Legislative Auditor (OLA).

Ms. Leysen said the audit covered the period from July 1, 2022, through December 31, 2024, with testing in the audit areas of inventory, payroll and nonpayroll expenditures, and receipts. She said OLA's overall conclusion was that the Office of the Governor and Lieutenant Governor generally did not comply with the criteria tested because of internal control deficiencies, which resulted in 12 findings. She added that the last audit took place in 2022, which resulted in six findings. Of those six findings, five were still relevant, and the office did not fully resolve four of those five.

Ms. Leysen then detailed the findings, including lack of segregation of duties for purchasing and asset tracking; late payments to vendors and late payments to purchasing card statements, resulting in late fees and reactivation fees; inaccurate employee reimbursements for mileage or meals; lack of documentation for some office expenditures; inaccuracies in processing deposits; and lack of documentation for some of the events held at the governor's residence.

Senator Rest opened the meeting to discussion and began by saying that the office is not a small agency, so the lack of segregation of duties and lack of attention to retention of receipts she found troubling. Other members expressed concern regarding lack of timely vendor payments and receipts, lack of controls, and the overall increase in findings from the prior audit to this one. However, when asked, Ms. Leysen clarified that OLA did not find evidence of fraud or misuse of funds during the audit. Members also asked if the office had access to some of the same trainings or tools that are available to other agencies in order to better strengthen internal controls, and Senator Rest added that Minnesota Management and Budget had increased its assistance to agencies over the years by publishing and offering more resources to help agencies in internal controls areas.

Senator Rest then welcomed Eric Armacanqui, Deputy Chief of Staff for Legislative Affairs, and Mary Fee, General Counsel and Deputy Chief of Staff, from the Office of the Governor and Lieutenant Governor. To begin, Ms. Fee said that the office could do better in managing its receipts, but that this was not an ongoing issue, as the office had taken measures to address that in late 2022 and early 2023. She said that issues with office timesheets and floating holiday and vacation payouts were addressed when the office moved to using electronic timesheets based on what other agencies were using, and the office is working toward recovering incorrect payouts to some of the staff.

Ms. Fee added that issues with paid parental leave and incorrect retroactive payments occurred during the timesheet transition and had been addressed and that the office would be seeking repayment of the inaccurate pay issued to some of the staff. She said HR has improved the process for documentation of payroll and leave adjustments. For incompatible duties, the office has made changes to better distribute duties among staff and has hired an additional finance person. This new finance hire has also helped with the issue of late payments and inaccurate reimbursements. Ms. Fee added that inaccurate employee reimbursements for mileage or meals is being addressed with the rollout of electronic business expense reimbursements in the office. As for purchasing card issues, she said the office has implemented DocuSign to help track receipts, signatures, and outstanding documentation.

Senator Rest opened the meeting to discussion. In response to questions about staffing, Ms. Fee said that previously, the office had an operations team of three people, which was understaffed for the size of the office, and has added (1) an office coordinator, (2) a person to help with human resources tasks, and (3) the finance person previously mentioned. Further questions were asked about the tracking of assets in the office, if construction at the governor's residence had interfered with the office's ability to produce receipts, and if there were political events at the residence that may have been events for which receipts were missing.

In closing, Senator Rest thanked Ms. Fee for her transparency in acknowledging the responsibility of the office in taking corrective actions and putting into place better technology to address the findings. Seeing no further discussion, Senator Rest adjourned the meeting at 12:09 p.m.

Senator Ann H. Rest, Chair

Maureen Garrahy, Recording Secretary