

Minutes
Legislative Audit Commission
AUDIT SUBCOMMITTEE
November 12, 2025

Members Present:

Senator Calvin K. Bahr
Senator Mark W. Koran
Senator Tou Xiong
Representative Rick Hansen
Representative Steven Jacob

Members Absent:

Representative Emma Greenman

Other LAC Members Present

Senator D. Scott Dibble
Senator Ann H. Rest
Representative Duane Quam

Senator Calvin K. Bahr, Chair, called the Legislative Audit Commission (LAC) Audit Subcommittee meeting to order at 10:01 a.m. in room 123 State Capitol to hear the key findings and recommendations in the performance audit, *Statewide Overtime and Shift Bonus Pay*. Senator Bahr introduced Lori Leysen, Deputy Legislative Auditor, and Jordan Bjonfald, Audit Director, for the Office of the Legislative Auditor (OLA).

Ms. Leysen stated that the audit spanned the period from July 1, 2022, to December 31, 2024, and reviewed the five state agencies that incurred the highest overtime and shift bonus pay. She said the last time an audit of statewide overtime was conducted was in 2016, however, there was no follow-up on those prior audit findings, as the scope of the current audit was slightly different. The scope of this audit was the eligibility and accuracy of overtime pay, shift bonus pay at two state agencies, and an analysis of overtime pay at two state agencies.

Mr. Bjonfald began his presentation by explaining that the state has many different employment agreements, which govern overtime requirements and shift bonus pay. In general, employees are eligible for overtime when they work hours in excess of their normal work period. This could mean they work more than 8 hours in a day, more than 40 hours in a week, or more than 80 hours in a two-week pay period.

Mr. Bjonfald said employees are paid overtime on an hourly basis and can be paid overtime either at the regular hourly rate or at time and a half, which is their hourly rate multiplied by 1.5, and can receive their compensation as additional money on their paycheck or as compensatory time, which are additional leave hours that can be used in subsequent pay periods. He added that shift bonuses are lump sum payments made to employees for eligible shifts worked and are in addition to the employee's regular pay or any overtime the employee works for their shift.

During the audit scope, Mr. Bjonfald said the state as a whole spent about \$15.7 billion dollars on payroll expenditures. This included \$367 million in overtime and compensatory time, which is about 2.3 percent of total payroll expenditures, and \$35 million in shift bonus payments. The audit focused on the agencies of Human Services and Direct Care and Treatment, Corrections, Transportation, Public Safety, and Natural Resources, which combined, spent about \$300 million on overtime and compensatory time. Mr. Bjonfald detailed the key findings, but said the audit conclusion was that the agencies generally complied with the criteria OLA tested.

Mr. Bjonfald said the first five findings of the report relate to overtime. The audit found that each of the five agencies did not always accurately pay overtime to employees in accordance with the employment agreements. Mr. Bjonfald then discussed the remaining two findings, related to shift bonus payments, in further detail.

Chair Bahr opened the meeting to discussion. In response to questions about fraud or misuse of funds, Mr. Bjonfald clarified that OLA did not find evidence of fraudulent payments or misuse of funds. Ms. Leysen further explained that a large portion of overtime came from positions of direct care at the Anoka Metro Regional Treatment Center at the Department of Human Services, and the Stillwater Correctional Facility at the Department of Corrections.

Chair Bahr welcomed Safia Kahn, Deputy Commissioner, and Kwesi Pasley, Chief Financial Officer, from the Department of Corrections (DOC). Ms. Kahn noted that DOC has started taking corrective actions including strengthening internal payroll controls, retraining supervisory staff, and formalizing approval pathways with Minnesota Management and Budget (MMB). She also noted that DOC faced staffing challenges over the past several years, and overtime was and remains a tool used to maintain safe staffing levels in correctional facilities.

Chair Bahr next invited Connie Jones, Chief of Staff, from Direct Care and Treatment (DCT). Ms. Jones said that both the Department of Human Services and DCT recognize that strong internal controls are important to maintaining the integrity of payroll systems. Ms. Jones noted that the issues identified by OLA would be addressed and that overtime and bonuses would be paid accurately and in accordance with labor agreements.

Chair Bahr next welcomed Bob Meier, Assistant Commissioner, and Matt Olinger, Human Resources Director, from the Department of Natural Resources (DNR). Mr. Meier noted that DNR has initiated steps to ensure the accuracy of overtime payments in the future and assess and implement recovery options for the incorrect overtime payments OLA noted. He added that DNR will create guidance and training for supervisors regarding overtime. In response to members' questions regarding DNR staffing and overtime, Mr. Meier noted that DNR has approximately 2,400 FTEs, which equates to about 3,000 employees, some of whom are part-time. A majority of DNR employees work in the field and are eligible for overtime.

Chair Bahr welcomed Bob Jacobson, Commissioner of the Department of Public Safety (DPS), to speak. Mr. Jacobson noted that DPS has strengthened payroll procedures and provided training to staff. He stated that DPS will be recovering the overpayments noted in the report, and will create customized training based on collective bargaining and compensation agreements.

Chair Bahr welcomed Nancy Daubenberger, Commissioner of the Minnesota Department of Transportation (MnDOT), to speak. Ms. Daubenberger explained that MnDOT is in the process of correcting the overpayments noted in the report and is strengthening internal controls to ensure overtime is paid in accordance with employee agreements. She noted that several improvements had begun before OLA's audit. In response to members' questions, she mentioned several factors for overtime within MnDOT, such as snow emergencies and the impact of weather changes on road construction.

After thanking the agencies for their comments and seeing no further discussion, Chair Bahr adjourned the meeting at 11:01 a.m.