



Office of the Commissioner

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www.dps.mn.gov

February 21, 2025

Dear Chair Latz and Members of the Senate Judiciary Committee,

I am writing to provide feedback on SF 856, which proposes the creation of an Office of Inspector General (OIG) to oversee functions related to suspected fraud, waste, and abuse of funds in state government. We have identified a concern meriting your attention. To combat fraud, criminal investigations must be conducted by licensed peace officers under the jurisdiction and expertise of the Department of Public Safety's Bureau of Criminal Apprehension (BCA). Criminal investigations should not be conducted by an OIG as they would not be able to adequately operate in a way that would effectively combat fraud.

Running a law enforcement agency presents unique challenges and requirements that non-law enforcement agencies do not face. This task has become increasingly complex over the last decade. This is one of the reasons moving former Commerce Fraud Bureau employees to the BCA to focus on fraud has led to efficiencies, standardized procedures, best practices, and created a singular focus on criminal fraud in our state. If this OIG were to require the hiring of active licensed peace officers, the administrative burden would be significant, diverting time and resources from other critical tasks. DPS has shared this feedback with both Senator Gustafson and Senator Kreun, and I am confident that it will be addressed.

Criminal fraud investigations are complex and require specialized law enforcement expertise, resources, ongoing criminal justice relationships, and the ability to manage large amounts of evidence. The BCA already has broad law enforcement authority, operates statewide, has numerous expert investigators, and collaborates with both local and federal partners. Establishing a statewide OIG creates redundancies, rather than complements, the work of the newly formed BCA Financial Crimes and Fraud section. This would cause confusion for state agencies, the legislature, and the public. It's important to note that the BCA does not and will not conduct civil or regulatory investigations—an area that should remain within the purview of state agencies, which SF 856 can address and utilize the referral mechanism as contemplated in the bill to refer criminal fraud to the BCA when it is identified.

Lastly, I'd like to highlight another concern that SF 856 should address. Staff tasked with identifying fraud, whether within an OIG or an individual agency, must have the necessary expertise to effectively assess the information they review. Delays in investigations, misinterpretations of information, or, worse, decisions based on incomplete or inaccurate data, can undermine the effort to prevent fraud. Program expertise is critical to ensuring that

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investigations are thorough and accurate. Our newly formed unit combined these expert resources and now is a robust section of the BCA ready to investigate criminal fraud now.

Stopping waste, fraud, and abuse of state funds is vital. The Governor has proposed a comprehensive fraud prevention package aimed at strengthening investigation and enforcement authority, improving detection and oversight, and increasing criminal penalties. I am committed to working with all of you to pass the strongest possible legislation to ensure we have the tools needed to address this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Jacobson". The signature is fluid and cursive, with the first name "Bob" being more prominent than the last name "Jacobson".

Bob Jacobson
Commissioner, Department of Public Safety