

Minutes
EVALUATION SUBCOMMITTEE
Legislative Audit Commission
March 21, 2014

Members Present:

Representative Rick Hansen, Chair
Representative Andrew Falk
Representative Mary Liz Holberg

Members Absent:

Senator Mary Kiffmeyer
Senator Warren Limmer
Senator James Metzen

Representative Hansen called the Legislative Audit Commission Evaluation Subcommittee meeting to order at 9:58 a.m. The purpose of the meeting was to release the evaluation, *Agricultural Commodity Councils*. Due to bills being presented by Representative Hansen, he turned the gavel over to Representative Holberg. When Representative Falk arrived, the gavel was passed to him.

Jim Nobles, Legislative Auditor, gave a brief overview of the evaluation. Mr. Nobles introduced Judy Randall, evaluation manager, to give more details. Ms. Randall said that the key findings of the evaluation were that the Minnesota Department of Agriculture (MDA) provides limited oversight of the councils, the councils have limited transparency, two of the councils have potential conflicts of interest, and Minnesota statutes do not prohibit councils from using checkoff-fee revenue to influence legislation. She said the evaluation recommends that MDA should: 1) require the councils to submit contracts for review and approval, and 2) review, update, and enforce its compliance audit process. The evaluation recommends that the Legislature should: 1) consider increasing MDA's oversight of agricultural commodity councils; 2) determine whether to make the canola checkoff fee refundable; 3) require all councils to have a Web site on which they post board activities, contact information, election information, and financial data; 4) not require a processing facility representative to be on the board of the Area I Potato Council; 5) amend Minnesota statutes to address conflict of interest concerns on commodity council boards; and 6) determine the limits it wants to place on the use of checkoff-fee revenue and amend statutes accordingly.

Representative Falk invited the MDA representative to address the subcommittee. Charlie Poster, Assistant Commissioner, said MDA appreciates the work of the Office of the Legislative Auditor. Mr. Poster said MDA takes pride in its ongoing administration of council elections, referenda, and the processing of refund requests. He acknowledged that the compliance checklist needs to be improved and that MDA has already begun the process of revising it. Mr. Poster said MDA agrees with the recommendation to require the councils to submit contracts for review and approval prior to the work being done. He added that MDA will need to increase the time it takes to approve the contracts in order to comply with the recommendation and that they will continue to work with the councils to improve the process.

Representative Falk invited any representatives from the commodity councils to address the subcommittee. Steve Olson said that he is the Executive Director for both the Turkey Council and the Minnesota Turkey Growers Association. He said that the members are aware of the potential conflict and that they always have legal counsel at all meetings to make sure they know what they can and cannot do. However, they do plan to have discussions about the potential for conflict of interest identified by the Office of the Legislative Auditor.

Jon Dockter, Canola Council Associate Director, introduced himself to the subcommittee and addressed the issue of whether their checkoff fees should be refundable. Mr. Dockter said that the

canola members had assumed the language allowing the canola checkoff fees to be nonrefundable had been added to law, but didn't realize it had not been until this evaluation.

Mr. Nobles announced that the next meeting would be the following week to select semi-finalist evaluation topics for 2014 and to release the evaluation *MnDOT Selection of Pavement Surface for Road Rehabilitation*. With no further business, Representative Falk adjourned the meeting at 11:02 a.m.

Representative Andrew Falk

Shelly Watterud, Recording Secretary