



Agricultural Commodity Councils

Update to 2014 Evaluation Report

March 2016

Problems Identified

- **Flawed Audit Process.** The Minnesota Department of Agriculture's (MDA's) process for auditing agricultural commodity councils' compliance was flawed, and staff had not followed up on inconsistencies or reports of noncompliance.
- **Lack of Transparency.** Information about commodity council operations and finances was not readily available. Though required by law, several commodity councils (Barley, Area I Potato, and Area II Potato) did not prepare annual reports.
- **Conflicts of Interest.** Two councils had organizational conflicts of interest: the Area I Potato Council and the Turkey Council. Actual or potential conflicts of interest need to be proactively addressed to ensure council staff or board members do not have competing duties or loyalties.
- **Statutes Lack Provisions.** Statutes do not prohibit councils from using check-off fee revenue to influence legislation, despite a common understanding to the contrary. In addition, the Canola Council did not allow checkoff-fee refunds, despite statutes to the contrary.

Changes Implemented

- **Amended Statutes.** The Legislature amended *Minnesota Statutes* 2015, 17.63(a), to make clear that the canola checkoff fee is nonrefundable. The Legislature also amended *Minnesota Statutes* 2015, 17.54, subd. 11, to remove the requirement that the Area I Potato Council have a board member who represents a processing facility.
- **Updated Departmental Oversight.** MDA reviewed and modified its commodity council compliance checklist to ensure it aligns with state law. The department initiated an electronic program to speed up its contract review and approval process. MDA provided conflict of interest training for council executive directors in 2013.

Action Needed

- **Amend Statutes to Require Financial Information.** The Legislature should amend *Minnesota Statutes* 2015, 17.57, to require agricultural commodity councils to regularly provide information about their finances and activities on their websites.
- **Determine Limits on Use of Checkoff-Fee Revenue.** The Legislature should determine the limits it wants to place on the use of checkoff-fee revenue and amend *Minnesota Statutes* 2015, 17.59, subd. 4, accordingly.