



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@osa.state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

July 13, 2012

Board of County Commissioners
Morrison County

Dear Morrison County Board of Commissioners:

The Office of the State Auditor (“OSA”) reviewed per diem payments made by the joint powers entity South Country Health Alliance (“SCHA”). Specifically, the OSA reviewed whether county commissioners receiving SCHA per diems also received per diems from their respective counties for the same meeting(s). The OSA reviewed payments for all commissioners serving on the SCHA Board for the year 2011. The OSA performed further reviews for commissioners who, during 2011, received per diem payments related to SCHA meetings from both SCHA and their respective county.

This letter presents the OSA’s findings regarding Morrison County (“County”).¹ The OSA found during its review that, during the time period of November 13, 2006, through March 26, 2012, the County paid: 1) two County per diems for SCHA meetings for which a County Commissioner also received a per diem from SCHA; 2) 34 County per diems for County-related meetings held on the same day a County Commissioner received a per diem from SCHA; and 3) 28 County per diems for the day prior to an SCHA meeting. This letter also contains the OSA’s recommendations to the County.

Background

SCHA is a county-based health plan serving 12 counties in Minnesota.² It is governed by a Joint Powers Board comprised of one individual from each member county, selected by the county board of the county.³ According to SCHA’s website, 11 county commissioners represent SCHA’s 11 member counties.⁴ SCHA pays Board Members a

¹ Separate letters are being sent to two other counties where county commissioners received per diems from both SCHA and the county for the same SCHA meeting(s).

² According to SCHA’s website, the counties are: Brown, Dodge, Freeborn, Goodhue, Kanabec, Morrison, Sibley, Steele, Todd, Wabasha, Wadena, and Waseca. See www.mnscha.org; see also SCHA Fifth Amended Joint Powers Agreement, as amended effective October 18, 2011 (“SCHA Joint Powers Agreement”).

³ SCHA Joint Powers Agreement, section 2.

⁴ Freeborn is in the 12-county service area, but is not a member county of SCHA. See www.mnscha.org.

per diem of \$125 for each day or part of a day spent in any SCHA meeting.⁵ Generally, SCHA Board meetings are held on a monthly basis in Owatonna, Minnesota, where SCHA's administrative offices are located. SCHA pays Board Members only one per diem for each SCHA meeting, regardless of whether attendance at the meeting required an additional day of travel. To receive the per diem, the Board Member completes an expense report at the meeting. SCHA pays the per diems, and any other authorized expenses submitted by the Board Member (e.g., mileage, lodging, meals), on a quarterly basis.⁶

The County established a per diem of "\$55.00 per day paid by Morrison County for all County related meetings attended by the County Board members."⁷ Under the County's policy, "[n]o more than one \$55.00 payment will be made per day to any Commissioner."⁸ To receive the per diem and any other travel-related expenses (e.g., mileage, meals), the County Commissioner must complete and submit an Expense Report. In addition, County Commissioners may put certain travel expenses (e.g., meals, hotels) on the County credit card.

The County's policies require that receipts be submitted to support expense reimbursement requests or County credit card purchases.⁹ Effective February 8, 2012, the County implemented a policy on a trial basis for meal/travel reimbursements. Under the trial policy, those who failed to provide a detailed receipt for a meal reimbursement were required to sign a Morrison County Meal Reimbursement Addendum, verifying that the meal meets the County's meal reimbursement policy and does not include prohibited items such as alcoholic beverages.¹⁰ The trial policy allows three receipts to be submitted without detail, after which no reimbursement will be made without submission of a properly detailed receipt.¹¹

⁵ See SCHA Expense Reimbursement of Board Members Policy & Procedure No. AF 08 (Board approval date of September 11, 2006); SCHA Joint Powers Board Meeting Minutes for January 10, 2005 (increase per diem from \$55 to \$125).

⁶ If a Board member stays in a hotel the night before a meeting, SCHA is generally billed directly for the hotel expenses.

⁷ See, e.g., County Board Resolution #2010-0058. The \$55.00 amount has been in effect since at least 2006.

⁸ See, e.g., County Board Resolution #2010-0058.

⁹ See County Personnel Policies (March 22, 2011) at 37.04 (meals) and 37.06 (lodging) for travel expenses, and at 44.02 and 44.03 for credit card purchases; County Purchasing Card Program Cardholder Manual (March 1, 2009) at 3.1 and 3.3; Purchasing Card Agreement # 6.

¹⁰ In addition to allowing the County to verify that alcoholic beverages were not purchased with County funds, the submission of detailed, itemized receipts allows the County to verify the date and time of a purchase and the number of people served meals.

¹¹ See County Meal Reimbursement Addendum (effective February 8, 2012).

Legal Standards

County commissioner per diem payments are in addition to annual salaries.¹² Under Minn. Stat. §§ 375.055 and 375.06, a county commissioner may only be paid one per diem per day, regardless of the number of meetings attended on the county's behalf during the day.¹³ However, the Minnesota Attorney General's Office has recognized "that there might exist other statutes which provide independent authority for per diem payments in addition to those authorized by Minn. Stat. §§ 375.055 and 375.06."¹⁴ According to the Attorney General's Office, in addition to serving as a county commissioner, a county commissioner:

might serve on other bodies of government for which additional compensation is separately authorized by statute. In those situations we have concluded that more than one per diem might be retained for a given calendar day in which a commissioner performs commissioner duties and also performs duties for a statutorily separate body with independent authority to compensate its members. . . . Thus, there may be instances in which a commissioner might be separately authorized to receive a per diem apart from the one authorized for work as a county commissioner. It appears, however, that such separate authority has been, for the most part, eliminated.¹⁵

The authority for SCHA is found in Minn. Stat. § 256B.692. The statute allows "county boards or groups of county boards" to purchase or provide health care services on behalf of certain individuals, as provided in Minn. Stat. §§ 256B.69 and 256B.692.¹⁶ When only one county is involved, the county board of commissioners is the governing body of the county-based purchasing program.¹⁷ In a multicounty arrangement, such as SCHA, the governing body is a joint powers board established under Minn. Stat. § 471.59.¹⁸

A joint powers board can exercise any power common to its members or any similar powers.¹⁹ Therefore, it appears that, exercising the power found in Minn. Stat. §§ 375.055 and 375.06, the joint powers board of a county-based purchasing program may set a per diem for the county commissioners serving on the board. However, the OSA

¹² See Minn. Stat. § 375.055, subd. 1.

¹³ See Minn. Stat. § 375.06, subd. 1; Op. Att'y Gen. 124a (April 28, 1994).

¹⁴ See Op. Att'y Gen. 124a (April 28, 1994).

¹⁵ See Op. Att'y Gen. 124a (April 28, 1994). According to the Attorney General Opinion, when the Legislature in 1975 generally authorized the payment of per diem to county commissioners in addition to salary, the Legislature also amended other statutes pertaining to various boards and committees related to county government to remove separate authority for the payment of per diem to county commissioners serving with such bodies.

¹⁶ See Minn. Stat. § 256B.692, subd. 1.

¹⁷ See Minn. Stat. § 256B.692, subd. 2(a).

¹⁸ See Minn. Stat. § 256B.692, subd. 2(a).

¹⁹ See Minn. Stat. § 471.59, subd. 1.

has not located any independent statutory authority for a county commissioner to receive a per diem for work on a county-based purchasing program. Without independent statutory authority, it appears that a county commissioner may not receive more than one per diem in a calendar day. That is, without independent statutory authority, it appears a County Commissioner may not be able to receive a County per diem if an SCHA per diem is paid for the same day. Because SCHA does not pay a per diem for travel days, the OSA also questions whether the County should pay a County per diem for a travel day prior to an SCHA meeting.

The OSA's Review

The OSA reviewed per diem and expense payments for the County Commissioner who represented the County at SCHA meetings for the time period of November 13, 2006, through March 26, 2012. During its review, the OSA found:

- On one occasion in 2008, and on one occasion in 2007, the County Commissioner received one per diem payment from SCHA and one from the County for SCHA-related meeting(s) on the same day. See Attachment A. The County paid a total of \$110 for these two per diems.²⁰
- On 34 occasions, the County Commissioner received one per diem payment from SCHA for an SCHA meeting and one per diem payment from the County for a non-SCHA meeting held on the same day. See Attachment A. The County paid a total of \$1,870 for these 34 per diems.²¹
- On 28 occasions, the County Commissioner received a per diem payment from SCHA for SCHA meeting(s) and a per diem payment from the County for the day prior to the SCHA meeting(s). See Attachment B. The County paid a total of \$1,540 for these 28 per diems.²²

The OSA found no evidence during its review that the same expenses, such as the cost of mileage, lodging or meals, were paid by both SCHA and the County. SCHA paid for SCHA-related mileage. SCHA and the County have each paid for SCHA-related lodging on different occasions. The County has paid for SCHA-related meal expenses (e.g., on the travel day prior to the SCHA meeting). The OSA found no other joint powers entities other than SCHA that paid the Commissioner per diems.

During its review, the OSA also observed that, on several occasions, no receipts or summary receipts were submitted by the Commissioner as support for meal expense reimbursement requests or County credit card purchases.

²⁰ SCHA paid a total of \$250 for the two per diems.

²¹ SCHA paid a total of \$4,250 for the 34 per diems. $\$1,870 + \$110 = \$1,980$ (reflected on Attachment A).

²² SCHA paid a total of \$3,500 for the 28 per diems.

Recommendations

The OSA recognizes that the County per diem payments for non-SCHA meetings attended by the County Commissioner on the same day as an SCHA meeting and for the travel day prior to the SCHA meetings appear to be a long-standing practice. In addition, the County may not have previously focused on whether SCHA had separate statutory authority to pay a per diem. As a result, based upon its review, the OSA recommends that the County:

- Determine whether any separate statutory authority exists that independently authorizes the payment of per diems by SCHA.
- Based upon the County's determination, revise the County's per diem policy to clarify whether the County will pay per diems for non-SCHA meetings on days when per diems are paid by SCHA, and/or for SCHA-related travel days.
- Require County Commissioners to notify the County if they are receiving per diem payments from another entity so the County can determine whether the entity has separate statutory authority to pay a per diem.
- Determine whether the County or SCHA should be paying lodging and meal expenses related to SCHA meetings.
- Revise the County's written policies to require detailed, itemized receipts (not simply "receipts") as support for all expense reimbursement requests and County credit card purchases, and require compliance with the policies prior to payment.
- Consider seeking reimbursement of \$110 from the County Commissioner for the 2007 and 2008 SCHA meetings where the County Commissioner received a per diem from both SCHA and the County.²³
- If no independent statutory authority is found for the SCHA per diems, determine whether the County should seek reimbursement of \$1,870 for the 34 occasions where the County Commissioner received one per diem payment from SCHA for an SCHA meeting, and one per diem payment from the County for a non-SCHA meeting held on the same day.
- Because SCHA does not pay a per diem for travel days, consider discontinuing the practice of paying a County per diem for the day prior to an SCHA meeting.

²³ When the payment was more recent, the OSA recommended to one county that it seek reimbursement of the county per diem payment. A second county received reimbursement of the county per diem payment during the OSA's review.

Morrison County Board of County Commissioners

July 13, 2012

Page 6

Conclusion

The Office of the State Auditor reviewed per diem payments made by the joint powers entity South Country Health Alliance (“SCHA”) and made recommendations to the County.

If the OSA can provide Morrison County with additional assistance, please feel free to contact me at 651-297-5853 or Nancy.Bode@osa.state.mn.us.

Sincerely,

/s/ Nancy J. Bode

Nancy J. Bode
Assistant Legal Counsel

Attachments

cc. Ms. Deb Gruber, County Administrator
The Honorable Russ Nygren, County Auditor-Treasurer
The Honorable Brian Middendorf, County Attorney
The Honorable Michel Wetzel, County Sheriff
Ms. Leota Lind, SCHA Chief Executive Officer
Mr. Randy Vogt, Office of the State Auditor

Attachment A

Morrison County Per Diem Payments to Commissioner Don Meyer for Meeting on Same Day SCHA Per Diem Received							South Country Health Alliance Per Diem Payments to Morrison County Commissioner Don Meyer for Selected Meetings			
Meeting Date	Per Diem	Mileage Expense Amount	Mileage*	"Reason For Travel"	Meeting Location	Claim Form Date	Meeting Date	Per Diem	Mileage	"Purpose" Per Expense Rept
2012										
3/22/2012	\$ 55.00	\$ 23.31	42 miles	"SW"	Little Falls	3/22/2012	3/22/2012	\$ 125.00	240 miles	"Finance mt"
1/23/2012	\$ 55.00	\$ 23.31	42 miles	"PZ"	Little Falls	1/24/2012	1/23/2012	\$ 125.00	380 miles	"JPB"
2011										
11/28/2011	\$ 55.00	\$ 23.31	42 miles	"PZ"	Little Falls	12/15/2011	11/28/2011	\$ 125.00	380 miles	"JP mt"
10/19/2011	\$ 55.00	\$ 23.31	42 miles	"twp mt"	Little Falls	10/20/2011	10/19/2011	\$ 125.00	246 miles	"Finance"
9/26/2011	\$ 55.00	\$ 23.31	42 miles	"PZ"	Little Falls	10/20/2011	9/26/2011	\$ 125.00	380 miles	"JPP"
5/2/2011	\$ 55.00	\$ 21.42	42 miles	"Parks"	Little Falls	5/10/2011	5/2/2011	\$ 125.00	none	"CC mtg."
3/28/2011	\$ 55.00	\$ 21.42	42 miles	"PZ"	Little Falls	4/12/2011	3/28/2011	\$ 125.00	380 miles	"JP"
3/24/2011	\$ 55.00	\$ -	-	blank	Minneapolis	3/25/2011	3/24/2011	\$ 125.00	none	"Finance"
2/28/2011	\$ 55.00	\$ 21.42	42 miles	"PW"	Little Falls	3/4/2011	2/28/2011	\$ 125.00	none	"Compliance"
2010										
12/16/2010	\$ 55.00	\$ 21.00	42 miles	"PW"	Little Falls	12/30/2010	12/16/2010	\$ 125.00	140 miles	"Finance Mtg"
5/6/2010	\$ 55.00	\$ 21.00	42 miles	"DH"	Little Falls	6/7/2010	5/6/2010	\$ 125.00	64 miles	"JPB" (Bmd)
4/26/2010	\$ 55.00	\$ 21.00	42 miles	"PZ"	Little Falls	5/5/2010	4/26/2010	\$ 125.00	380 miles	"JPM"
3/26/2010	\$ 55.00	\$ 21.00	42 miles	"Park mt"	Little Falls	4/9/2010	3/26/2010	\$ 125.00	220 miles	"Finance"
2/26/2010	\$ 55.00	\$ 21.00	42 miles	"tcc"	Little Falls	3/12/2010	2/26/2010	\$ 125.00	220 miles	"Finance"
2/22/2010	\$ 55.00	\$ 21.00	42 miles	"SW"	Little Falls	2/23/2010	2/22/2010	\$ 125.00	64 miles	"Compliance"
1/25/2010	\$ 55.00	\$ 21.00	42 miles	"PZ"	Little Falls	2/1/2010	1/25/2010	\$ 125.00	380 miles	"JPM"
2009										
12/28/2009	\$ 55.00	\$ 23.10	42 miles	"PZ"	Little Falls	12/31/2009	12/28/2009	\$ 125.00	380 miles	"JPB"
12/6/2009	\$ 55.00	\$ -	-	"amc"	Minneapolis	12/11/2009	12/6/2009	\$ 125.00	none	"Finance"
10/22/2009	\$ 55.00	\$ 23.10	42 miles	"tcc"	Little Falls	10/28/2009	10/22/2009	\$ 125.00	220 miles	"Finance Committee"
9/2/2009	\$ 55.00	\$ 24.75	45 miles	"Land Fill" "SW"	Little Falls	9/28/2009	9/2/2009	\$ 125.00	220 miles	"Finance Comm"
7/27/2009	\$ 55.00	\$ 46.20	84 miles	"tcc" & "PZ"	Little Falls	8/27/2009	7/27/2009	\$ 125.00	64 miles	"JPB"
4/27/2009	\$ 55.00	\$ 23.10	42 miles	"PZ"	Little Falls	5/12/2009	4/27/2009	\$ 125.00	64 miles	"Compliance"
3/23/2009	\$ 55.00	\$ 23.10	42 miles	"PZ"	Little Falls	4/3/2009	3/23/2009	\$ 125.00	380 miles	"JBC"
3/10/2009	\$ 55.00	\$ 21.21	42 miles	"Bd"	Little Falls	3/12/2009	3/10/2009	\$ 125.00	64 miles	"Finance"
2/23/2009	\$ 55.00	\$ 21.21	42 miles	"PH"	Little Falls	3/12/2009	2/23/2009	\$ 125.00	64 miles	"Compliance"
1/26/2009	\$ 55.00	\$ 23.10	42 miles	"Budget"	Little Falls	2/4/2009	1/26/2009	\$ 125.00	380 miles	"JPB"
2008										
12/1/2008	\$ 55.00	\$ 37.44	64 miles	"S Country"	Brainerd	12/3/2008	12/1/2008	\$ 125.00	none	"Finance"
10/13/2008	\$ 55.00	\$ 24.57	42 miles	"Union mt"	Little Falls	10/28/2008	10/13/2008	\$ 125.00	380 miles	"JPM"
8/1/2008	\$ 55.00	\$ 26.33	45 miles	"Tewac" "SW"	Little Falls	8/8/2008	8/1/2008	\$ 125.00	none	"JPB"
7/28/2008	\$ 55.00	\$ 24.57	42 miles	"PZ"	Little Falls	8/8/2008	7/28/2008	\$ 125.00	380 miles	"JMM"
4/14/2008	\$ 55.00	\$ 21.21	42 miles	"PZ"	Little Falls	4/23/2008	4/14/2008	\$ 125.00	380 miles	"JP mt"
3/31/2008	\$ 55.00	\$ 21.21	42 miles	"PH"	Little Falls	4/4/2008	3/31/2008	\$ 125.00	380 miles	illegible
2007										
12/10/2007	\$ 55.00	\$ -	-	"PC mt"	Little Falls	12/12/2007	12/10/2007	\$ 125.00	380 miles	"JPSC"
11/14/2007	\$ 55.00	\$ 20.37	42 miles	illegible	Little Falls	12/12/2007	11/14/2007	\$ 125.00	380 miles	"SC-Finance Com"
5/14/2007	\$ 55.00	\$ -	-	"Planning mt"	Little Falls	5/21/2007	5/14/2007	\$ 125.00	380 miles	"SCHA"
4/8/2007	\$ 55.00	\$ -	-	"S Country"	Owatonna	4/25/2007	4/8/2007	\$ 125.00	380 miles	"SCHA"
TOTALS	\$ 1,980.00							\$4,500.00		
* All mileage reported from "Home" (Pierz, MN)										
Highlight denotes payments from both County and SCHA for SCHA meeting(s)										
Source: Morrison County Commissioners Expense Reports and South Country Health Alliance Expense Reports										

Attachment B

Morrison County Per Diem Payments to Morrison County Commissioner Don Meyer for Day Prior to South Country Health Alliance Meeting						South Country Health Alliance Per Diem Payments to Morrison County Commissioner Don Meyer for Selected Meetings			
Date for Per Diem Request	Day of Week	Per Diem	"Reason For Travel"	Meeting or Expenditure Location	Claim Form Date	Meeting Date	Per Diem	Mileage	"Purpose" Per Expense Rept
2012									
3/25/2012	Sunday	\$ 55.00	"SC"	Owatonna	4/3/2012	3/26/2012	\$ 125.00	380 miles	"JPB"
2/26/2012	Sunday	\$ 55.00	"SC"	Owatonna	2/28/2012	2/27/2012	\$ 125.00	380 miles	"JPB"
1/22/2012	Sunday	\$ 55.00	"SC"	Owatonna	1/24/2012	1/23/2012	\$ 125.00	380 miles	"JPB"
2011									
12/28/2011	Wednesday	\$ 55.00	"SC"	Owatonna	1/5/2012	12/29/2011	\$ 125.00	380 miles	"JP"
11/27/2011	Sunday	\$ 55.00	"SC"	Owatonna	12/15/2011	11/28/2011	\$ 125.00	380 miles	"JP ml"
10/30/2011	Sunday	\$ 55.00	"S Country"	Owatonna	11/23/2011	10/31/2011	\$ 125.00	380 miles	"JP ml"
9/25/2011	Sunday	\$ 55.00	"SC"	Owatonna	10/20/2011	9/26/2011	\$ 125.00	380 miles	"JPP"
8/21/2011	Sunday	\$ 55.00	"SC"	Owatonna	8/31/2011	8/22/2011	\$ 125.00	380 miles	"JPB"
7/24/2011	Sunday	\$ 55.00	"SC"	Owatonna	8/11/2011	7/25/2011	\$ 125.00	380 miles	"JPB"
4/24/2011	Sunday	\$ 55.00	"S Country"	Owatonna	4/27/2011	4/25/2011	\$ 125.00	380 miles	"JPM"
2010									
4/25/2010	Sunday	\$ 55.00	blank	Owatonna	5/5/2010	4/26/2010	\$ 125.00	380 miles	"JPMI"
1/24/2010	Sunday	\$ 55.00	"S - Country"	Owatonna	2/1/2010	1/25/2010	\$ 125.00	380 miles	"JPM"
2009									
3/22/2009	Sunday	\$ 55.00	"CBP"	Owatonna	4/3/2009	3/23/2009	\$ 125.00	380 miles	"JBC"
1/25/2009	Sunday	\$ 55.00	"S Country"	Owatonna	2/4/2009	1/26/2009	\$ 125.00	380 miles	"JPB"
2008									
7/27/2008	Sunday	\$ 55.00	"SC"	Owatonna	8/8/2008	7/28/2008	\$ 125.00	380 miles	"JMM"
7/13/2008	Sunday	\$ 55.00	"SC"	Owatonna	7/15/2008	7/14/2008	\$125.00	380 miles	"JPM"
4/13/2008	Sunday	\$ 55.00	"SC"	Owatonna	4/22/2008	4/14/2008	\$ 125.00	380 miles	"JP ml"
3/30/2008	Sunday	\$ 55.00	"S Country"	Owatonna	4/4/2008	3/31/2008	\$ 125.00	380 miles	illegible
1/12/2008	Saturday	\$ 55.00	"S Country"	blank	1/22/2008	1/14/2008	\$ 125.00	380 miles	"SCJP"
2007									
12/9/2007	Sunday	\$ 55.00	"S Country"	blank	12/12/2007	12/10/2007	\$ 125.00	380 miles	"JPSC"
11/18/2007	Sunday	\$ 55.00	"SC"	blank	12/12/2007	11/19/2007	\$ 125.00	380 miles	"JPSC"

Attachment B

Morrison County Per Diem Payments to Morrison County Commissioner Don Meyer for Day Prior to South Country Health Alliance Meeting						South Country Health Alliance Per Diem Payments to Morrison County Commissioner Don Meyer for Selected Meetings			
Date for Per Diem Request	Day of Week	Per Diem	"Reason For Travel"	Meeting or Expenditure Location	Claim Form Date	Meeting Date	Per Diem	Mileage	"Purpose" Per Expense Rept
10/7/2007	Sunday	\$ 55.00	"S Country"	blank	10/25/2007	10/8/2007	\$ 125.00	380 miles	"JP mt"
8/12/2007	Sunday	\$ 55.00	"S Country"	blank	8/14/2007	8/13/2007	\$ 125.00	380 miles	"SCHA"
7/8/2007	Sunday	\$ 55.00	"SC"	Owatonna	7/20/2007	7/9/2007	\$ 125.00	380 miles	"SCHA"
6/17/2007	Sunday	\$ 55.00	"SCHA mt"	Owatonna	6/29/2007	6/18/2007	\$ 125.00	380 miles	"SCHA"
5/13/2007	Sunday	\$ 55.00	"S Country"	Little Falls	5/21/2007	5/14/2007	\$ 125.00	380 miles	"SCHA"
3/11/2007	Sunday	\$ 55.00	"S - Country"	Owatonna	3/12/2007	3/12/2007	\$ 125.00	380 miles	"JPBM"
2/11/2007	Sunday	\$ 55.00	"S Country mt"	Owatonna	2/14/2007	2/12/2007	\$ 125.00	380 miles	"JPBM"
TOTALS		\$ 1,540.00					\$3,500.00		

Source: Morrison County Commissioners Expense Reports and South Country Health Alliance Expense Reports