July 13, 2012

The Honorable Laura Ihrke  
Steele County Auditor  
P.O. Box 890  
630 Florence Avenue  
Owatonna, Minnesota 55060-0890

Mr. Dave Severson  
Steele County Coordinator  
P.O. Box 890  
630 Florence Avenue  
Owatonna, Minnesota 55060-0890

Dear Ms. Ihrke and Mr. Severson:

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 for attending SCHA meetings also received per diems from their respective counties for the same meeting(s).1

The OSA reviewed per diem payments for the Steele County (“County”) Commissioner who represented the County at SCHA meetings in 2011. During its review, the OSA found three occasions in 2011 where both the County and SCHA paid the County Commissioner per diems for the same meeting.2 In May 2012, after the OSA made its inquiries about the per diems, the County Commissioner repaid the County $210 for the three County per diems.

**Background**

SCHA is a county-based health plan serving 12 counties in Minnesota. It is governed by a Joint Powers Board comprised of 11 county commissioners representing SCHA’s 11 member counties.3 SCHA pays Board Members a per diem of $125 for attending SCHA

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1 Separate letters are being sent to two other counties.
2 The County also paid one per diem for an SCHA meeting in 2010, but SCHA did not pay a per diem for that meeting.
3 See SCHA’s website, [www.mnscha.org](http://www.mnscha.org). One county is in the 12-county service area, but is not a member county of SCHA, according to the website.
meetings. The per diems, and any other authorized expenses submitted by the Board Member (e.g., mileage, lodging, meals), are paid on a quarterly basis.

The County established a per diem of $70.00 per day for all County-related meetings attended by County Board members. The County has listed SHCA as one of the meetings eligible for County per diem payments.

A joint powers board may establish per diem payments for, and pay expenses of, board members who attend joint powers board meetings. If a joint powers board sets a per diem, the per diem amount set by the joint board is the only per diem available to a commissioner attending the joint powers board meeting.

**Recommendation**

Based upon its review, the OSA recommends that the County remove SCHA, and any other joint powers entity that may pay a per diem, from the list of the meetings eligible for County per diem payments.

**Conclusion**

The Office of the State Auditor reviewed per diem payments made by the joint powers entity South Country Health Alliance (‘‘SCHA’’). The OSA found during its review that a Steele County Commissioner received per diem payments from SCHA and from the County for three meetings in 2011. The County Commissioner has repaid the County per diem payments.

If the OSA can provide Steele 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

cc. The Honorable Bruce Kubicek, Chair, County Board of Commissioners
    The Honorable James “Corky” Ebeling, County Board of Commissioners
    The Honorable Dan McIntosh, County Attorney
    Ms. Leona Lind, SCHA Chief Executive Officer

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4 See Proceedings of the Steele County Board of Commissioners (December 13, 2011).
5 Id. To receive the per diem payments, the County Commissioner must complete and submit a Per Diem Expense Report.
6 See OSA’s Statement of Position on County Commissioner Per Diem Payments, available on the OSA’s website, [www.auditor.state.mn.us](http://www.auditor.state.mn.us).