**Indiana Pork Producers Association**

**Administrative Compliance Review**

**2015**

**Executive Summary**

An Administrative Compliance Review of the Indiana Pork Producers Association (IPPA) was conducted on May 27 & 28, 2015. The Administrative Compliance Review consisted of interviews with Josh Trenary, Executive Director, IPPA staff members, and the CPA for IPPA. This review was supported by access to key organizational and financial documents. The review was performed by Ken Horton, National Pork Board (NPB) consultant and Scott Smith, NPB State Administrative Support Manager. While members of the IPPA Board were not able to attend, a conference call with the IPPA President, Jason Slaton, was arranged at the conclusion of the Review.

Objectives of the Review:

1. Determine if IPPA is compliant with the Pork Act and the NPB guidelines and directives.
2. Determine if IPPA maintains good fiscal controls and business practices.
3. Identify any fraud or misuse of Checkoff funds.
4. Offer recommendations and support to IPPA to strengthen organizational compliance.

**This Executive Summary provides a brief overview of the complete detailed report that is attached. The Findings listed below are a guide to the strengths of the organization and the issues which need the attention of the Board of Directors. Reading the entire Administrative Compliance Review should provide proper context.**

**Findings**

**Areas of Strength:**

1. The new Bylaws & Board representation of the industry.
2. Qualified and hardworking staff.
3. Excellent financial system including: bill.com; TSheets; QuickBooks; complete Online banking; electronic files and recordkeeping; financial statements and audits; accountability to the Board; CPA (3rd. Party CFO).
4. Excellent Communications.
5. Good separation and allocation of funds between Checkoff and non-Checkoff activities.
6. Good Board meeting minutes.
7. Excellent Program activities to enhance the image of the pork industry.

**Areas to Strengthen:**

1. Consolidate, re-write and approve a Job Description for the Executive Director.
2. Review, update and adopt a complete and functional Policy & Procedures Manual and include the Employee Handbook (updated) and use the CPA’s policy and procedures outline to construct the Fiscal Controls. NPB will provide much of the format and wording needed for a good document.
3. Review, update and follow the Conflict of Interest policy as suggested by NPB and record action taken in the minutes of all official meetings including Committee meetings.
4. Review and update the Checkoff Compliance policy as suggested by NPB. We encourage IPPA to communicate with all producers concerning compliance for paying checkoff.
5. Record the minutes of all meetings including Committee meetings for which Checkoff funds are used to conduct these meetings. Allocate expenses of meetings to both Checkoff and non-Checkoff as is appropriate.
6. Update policy on contracts as suggested by NPB to include policy and procedures for written documentation of project expectations/goals and reports on the outcome of projects where Checkoff funds are provided to other organizations for the purchase of goods and services.
7. Update policy on Record Retention as suggested by NPB.
8. Conduct a more formal Pork Act Delegate Candidate Election and record a formal set of minutes of the election.

**Indiana Pork Producers Association**

**Administrative Compliance Review**

**Methods:** Reviewed the Articles of Incorporation and Bylaws and the Policy and Procedures manuals. Reviewed the 2009 Administrative Compliance Review. Reviewed the minutes, mailing list data, budgets, program of work, audits, budget approval letters, financial statements, bank records, bank agreement, tax records, checks and payment receipts, management contracts, other agreements and contracts, correspondence, publications and mailings, project reports and Pork Act delegate election files. Interviewed Josh Trenary, Executive Director; Timothy Murphy, CPA; Ben Wicker, Director, Producer Outreach; Sara Ward, Director, Checkoff Programs; and Kalyn Rose, Communications Manager. The process included extensive review and discussion as needed pertaining to each of the various sections of this Administrative Compliance Review.

1. **Organizational Structure**

**Objective:** Obtain a general understanding of the policy and management structures of the organization.

**Findings:** Background on Organizational Structure: During the past 15 years (approximately) IPPA has evolved through a series of organizational changes, primarily within the management structure. At first the staff were employees of IPPA and all program activities including Human Resources functions were conducted by the association. Then for a period of time all staff and program activities were totally performed by a management firm under contract. Beginning in 2009 all of the staff except the Executive Director became IPPA employees with HR services provided by a personnel firm (Worksmart Systems) and all program activities were the sole responsibility of the association. Now, the staff including the Executive Director report to and work for the IPPA Board of Directors and the HR services are provided by Worksmart. IPPA has the financial and oversight responsibilities but none of the detailed issues normally associated with employing staff. This system has only been in place for a couple of years and IPPA appears to like this arrangement. In addition, IPPA completely re-wrote their organizational Bylaws in 2014. The Board structure has changed but appears to more closely represent the producers within the state. IPPA operates as a 501c (5) non-profit organization.

According to the IPPA Bylaws, the IPPA Board of Directors have the *“authority to direct and carry out all powers and business of the Association”*. The bylaws allow for no less than three nor more than twelve *“At-Large”* members of the Board. To the best extent possible, the *“At-Large”* board members *“must represent a diverse cross-section of the industry representing independent commercial producers, integrators, contract growers and show pig producers.”*

The bylaws provide for up to three “Affiliated Industry Directors” as well as one director representing Purdue University and one each for any Indiana pork producers that is currently serving on the Board of Directors of the National Pork Producers Association or the National Pork Board. The Immediate Past President is a voting ex-official board member. The Executive Director is a non-voting ex-official board member. And the INPAC organization is allowed to appoint an individual to represent them as a voting member of the IPPA Board. The bylaws provide for one representative of the corn or soybean industry to serve on the IPPA Board as a non-voting member.

Presently, IPPA has a total of fourteen (14) Board members consisting of: Eight (8) At-Large; two (2) Affiliated Industry; One (1) each of Purdue University, Corn/Soybean, INPAC and Executive Director. The members of the Board of Directors are elected by the members attending the IPPA annual meeting and serve a term as outlined in the bylaws for the various board member types.

IPPA has an Executive Committee consisting of the President, Vice President, Executive Director, INPAC Director, Treasurer and Secretary. The Executive Committee is empowered to act for the IPPA Board of Directors in the interim of meetings of the Board and they must report all actions taken to the Board at the next meeting.

The officers of IPPA consist of a President, Vice President, INPAC Director, Executive Director, Treasurer and Secretary. These are elected by the Board of Directors from among the members of the Board of Directors. The Executive Director also serves as the Treasurer. The officers also serve as the Budget Committee.

The staff consist of the Executive Director, Checkoff Program Director, Producer Outreach Director and Communications Manager. IPPA also has a contract with a firm to provide service for lobbying and public relations. As stated earlier, the staff are employed by IPPA with a contractual arrangement with a personnel firm (Worksmart Systems) to provide Human Resources functions.

IPPA has excellent written job descriptions for all of the staff members except for the Executive Director. The job description provided to us for the Executive Director was the brief outline published to announce the availability of the position during the search process. The IPPA Bylaws provides a good general description of the responsibilities and authority for the Executive Director position. Currently the IPPA General Operating Procedures Manual has are relatively good listing of the responsibilities for the Executive Director.

IPPA has seven active committees: Executive Committee, Budget, INPAC Executive Committee, Research & Education, Product Promotions & Industry Image, Youth and MPC.

**Recommendations/Suggestions:** We recommend that the Board of Directors write and approve a complete Job Description for the Executive Director position.

1. **Bylaws/Policy/Procedure Documentation**

**Objective:** Determine if the organization has well documented bylaws, policies and operating procedures. Document the process for adoption and revision of these documents.

**Findings:** In 2014 under the guidance of a new Executive Director, IPPA re-wrote and adopted a new set of organizational Bylaws. The bylaws are not complicated and are an excellent governance document. These bylaws specifically encourage diversifications of representation on the Board of Directors and foster inclusiveness for all types of pork production and size of operations.

The Executive Director advised us that he wanted NPB to assist IPPA in the process of re-writing their Policy and Procedures manual, which they call the General Operating Procedures Manual. The current Procedures Manual is excessively detailed and inappropriate to most of the normal activities of IPPA. We were prepared to advise IPPA to perform a major re-write, fortunately the Executive Director and the Board of Directors are proactive is starting this process.

A major section in the current General Operating Procedures Manual is the Employee Handbook. This manual has been prepared by the Worksmart Systems firm. The Employee Handbook is a professional and complete document covering all employment topics. We find that IPPA and the staff regularly use this manual as a guidance document. We find that it is important to review and update this manual each year especially since the Human Resources activities are performed by an outside firm under a contractual arrangement.

The IPPA Board of Directors have the authority to adopt and revise the bylaws, policies and operating procedures documents.

**Recommendations/Suggestions:** We recommend that the IPPA Board of Directors to review and write a complete and workable Policy and Procedures Manual. We recommend that this process be addressed as soon as possible because the current Manual is not being followed and in some areas it is inappropriate as to how they operate (i.e. fiscal controls). We recommend that an updated version of the Employee Handbook be included in the new General Operating Procedures Manual.

1. **Conflict of Interest**

**Objective:** Determine if the organization has documented and implemented a conflict of interest policy. Policy should prevent elected leadership, employees and consultants from participating in organizational decisions that could result in direct financial benefit to them.

**Findings:** As noted above IPPA plans to review and update the General Operating Procedures Manual which includes the current policy on Conflict of Interest. The policy as written with a few minor exceptions is a good Conflict of Interest policy. The current policy requires each member of the Board of Directors to annually sign a statement on Conflict of Interest. The policy also requires the President to begin each meeting of the Board of Directors with a review of the agenda and request members including the Executive Director to declare if they could have a possible Conflict of Interest with any of the agenda items. The President is to ask anyone with a declaration to abstain from voting on that issue. The member may still participate in the discussion. The policy requires that such declarations must be noted in the meeting minutes. The policy does not call for declarations from anyone that is not a member of the Board and it does not address any other official meeting of the association such as Committee meetings.

We find that there were signed statements by some members of the Board of Directors and there is notice in some of the minutes of Board meetings where the Past President issued a request for declaring of a Conflict of Interest at the beginning of a meeting. We find that there has been inconsistencies in following the Conflict of Interest policy. Minutes of recent Board meetings do not indicate if the President has requested declarations of any Conflicts of Interest and we find no indication that a Conflict of Interest has ever been declared.

IPPA may be in full compliance with their current policy on Conflict of Interest, however our only way to determine if the policy is being followed as stated is to review meeting minutes.

**Recommendations/Suggestions:** We recommend that the IPPA Board of Directors update the current Conflict of Interest policy as suggested by NPB and comply fully with that policy by recording actions taken in the minutes of all official meetings of the association.

1. **Pork Checkoff Compliance**

**Objective:** Determine if the organization has an effective compliance process in place and that a high level of confidentiality is being maintained for Checkoff information. Review compliance policies and procedures. Determine current process and methods for locating non-compliance and enforcement. Review correspondence files. Determine if compliance issues are being addressed and resolved.

**Findings:** The current IPPA General Operating Procedures Manual has a good outline of the responsibilities for the Compliance Officer which it states is the Executive Director. This policy requires the Executive Director to review and initial each confidential Checkoff Report from NPB and file it in a locked file cabinet that no other person has access. The policy also requires the Executive Director to at least annually send correspondence to inform 4-H and FFA students, extension offices, purebred organizations, county fairs and other interested parties regarding checkoff compliance.

The Executive Director has been in the position for only two years. He has files of the Checkoff Reports that he has reviewed and placed in the locked file cabinet as the policy requires. He does not have any correspondence pertaining to a compliance issue because he has never received any report of non-compliance nor has he investigated any. He has not yet corresponded with producers or other interested parties about checkoff compliance.

**Recommendations/Suggestions:** We recommend that the IPPA Board of Directors update the Checkoff Compliance policy as suggested by NPB. We suggest that the Executive Director provide communications to producers about the requirements to comply with the national Checkoff program.

1. **Organizational Meetings**

**Objective:** Determine how the organization formally documents its business meetings. Determine the process by which non-Checkoff elements of meetings are paid. Determine how minutes are kept and when respective members of the board and committees receive copies of the minutes. Document approval process. Review minutes for activities and policies in relation to Checkoff and non-Checkoff. Determine if the cost allocation method adequately distributes cost, based on review of meeting minutes.

**Findings:** We find that IPPA has excellent minutes of their Board of Directors meetings. The minutes are detailed and record all discussed topics. The Executive Director has indicated that they have just recently begun revamping all of their committees and there is little record of their activities. The meeting minutes of the Board of Directors are sent to the Directors prior to their next meeting. The minutes do record that at each meeting the minutes of the previous meeting are presented for approval.

We reviewed the minutes of Board meetings during the past three years and we did not find a single example of action taken to advocate a public policy position. We do find that some public relations issues were discussed by the Directors but that does not equate to policy action. We find that Public Policy issues are handled within the association’s INPAC organization which was created to separate public policy from other association activities.

IPPA is currently charging all meeting expenses to the Checkoff Program and we can understand their reasoning for this policy. However, we will advise IPPA to consider providing a charge to non-Checkoff for parts of meeting expense where public policy is discussed even if no action is taken.

**Recommendations/Suggestions:** We recommend that IPPA begin recording minutes of all official meetings including Committees for which Checkoff funds are used to conduct such meetings. We recommend that IPPA consider allocating some non-Checkoff expense to cover the cost of parts of official meetings in which public policy issues are discussed.

1. **Contracts, Records and Correspondence**

**Objective:** Determine if a contracting process exists to adequately protect the organizations assets and rights. Determine if the organization maintains a record system that readily reveals their operations. Determine if the organization has a process for responding to correspondence from producers.

**Findings:** Contracts: We find that IPPA has an extensive and detail policy concerning contracting, purchasing services and goods, and documentation of these transactions. These policies include Project Vendor Authorization Guidelines, Competitive Bidding Process for Vendors, and Written Documentation Guidelines and Procedures for Contracts and Agreements.

We reviewed three significant contracts which IPPA uses regularly: an employment contract with Worksmart; a contract with the Indiana State Fair; and a contract with Purdue University. These are well written documents and all have the proper Board of Directors approval.

We also reviewed some minor project documents which did not require contracts. While all of the larger projects with contracts had excellent documentation and reports on the expectations and results, some of the smaller projects did not have good documentation. These inconsistencies may result from the inconsistent requirements within IPPA policy for these less expensive projects. We find that in IPPA policy any project that is less than $2,500 in value does not require a written agreement nor any proof of performance. We find IPPA is in the process of reviewing and updating their policy and procedures manual.

Record Retention: We find that IPPA has a written document outlining their Record Retention policy. The policy is detailed and provides specific dates for removing files from retention. Some files are marked that IPPA will keep them for 100 years. We find that the policy as written is being followed with a few exceptions. The Executive Director is just becoming acquainted with the policy and has agreed to work with NPB for guidance in updating their Record Retention policy.

Correspondence: The Executive Director and other staff members are responsible for any direct correspondence that is personally directed to them. Most correspondence is conducted electronically. We find that producer’s correspondence is being processed appropriately.

**Recommendations/Suggestions:** We recommend that IPPA continue to review and update the policy manual to include written documentation detailing the expectations/goals for all projects or programs when Checkoff funds are used to purchase goods and services from other organizations. Examples of such documents are Memorandums of Agreement (MOA’s), Letters of Intent or formal contracts.

We recommend that IPPA include policy that will provide written documentation of the results of all projects or programs funded by Pork Checkoff.

We recommend that IPPA continue to review and update the Records Retention policy as suggested by NPB.

1. **Financial Audits**

**Objective:** Verify if the organization has complied with the NPB policy regarding periodic independent financial audits.

**Findings:** We reviewed the financial audits of IPPA for the past three years. We find that IPPA has complied fully with NPB policy for audits. IPPA has excellent financial year-end reporting and audits.

**Recommendations/Suggestions:**  No Recommendations or Suggestions.

1. **Fiscal Controls**

**Objective:** Determine if the internal controls are adequate to protect Checkoff funds. Document how and by whom checks are written. Determine if the check writing process is sufficient to prevent inappropriate use of Checkoff funds. Determine if invoice payments comply with the documented payment procedure and if payments are appropriate for the use of Checkoff funds. Determine if unused checks are physically secure from theft. Determine if computer records are backed up and stored off site. Determine if property inventory records are maintained and if controls are adequate to safeguard organization’s property. Determine if insurance coverage is maintained, including liability, property and equipment, automobile, Directors and Officers, Errors and Omissions, and employee dishonesty. Determine if the travel expense policy is recorded and if the policy has adequate controls to prevent misuse of Checkoff funds. Determine if the organization owns or leases automobiles and if so, determine if the policy guidelines are reasonable for the use of Checkoff funds. Determine if the organization has an agreement with their bank. Document how the organization maintains separation of Checkoff and non-Checkoff cash and investments. Document if and how cash advances are made from Checkoff to non-Checkoff accounts. Determine if this procedure complies with NPB guidelines.

**Findings:** Background Information: In spite of the various transitions that IPPA employees and management have undergone during the past number of years, one significant and constant factor has been that the financial system and recordkeeping have been in place since 1991, assisted by the IPPA staff and maintained by the Systems Process Manager. The entire process and records are meticulously supervised by the same CPA of CPL (a private accounting firm) who was at one time an employee of IPPA. The CPA is identified by IPPA as their “3rd. Party CFO”. He completely understands the policies and laws involved with the pork Checkoff and has an extensive client list of associations and non-profit businesses.

IPPA is in the process of reviewing and updating their policy & procedures manual and we will recommend that they incorporate much of the CPA’s outline of the financial accounting process and policy that is used daily, weekly, monthly, and annually in their system. This outline was one of the key documents that we reviewed and it provided a good understanding of the IPPA bank accounts and other aspects of their financial accounting system. The CPA spent half of one day to explain and review the IPPA financial records for the past three years. All of IPPA records are kept in electronic files and on a Quick Books accounting program. All of their staff time records are kept electronically in an online program called TSheets.

Check Writing and Payment Process: IPPA staff members receive invoices electronically and by US mail. Daily the staff will upload all invoices into the “Inbox” of an electronic program called “bill.com”. A person at CPL will log-in to the inbox and enter the invoices into the bill.com program and route them to the IPPA Executive Director. The Executive Director will review and provide approval for the invoices to be paid. A manual sync of bill.com brings the invoices into the IPPA Quick Books program.

CPL pays the invoices through bill.com with Quick Books online banking at BMO Harris bank. They will send either a hard copy check (generated by CPL in bill.com.) or an electronic payment to the recipients’ bank. The Executive Director is the only signer required on hard copy checks and he also provides the authorization of the electronic payments. The Executive Director compares all checks with the check register prior to signing the checks to ensure there are no gaps in the check sequence. The bill.com program generates the checks.

All disbursement transactions are reviewed and approved monthly by the Executive Director, the Board President and the Executive Committee (also it is the Budget & Finance Committee).

IPPA has spending authorization limits of $2,500 for the Executive Director; $10,000 for the Board President; and anything over $10,000 for the Executive Committee. (These are for non-budgeted expense items.)

We reviewed the electronic records of numerous transactions from the past three years. We found that the records provided adequate accountability for Checkoff funds used by IPPA to conduct their program of work. IPPA has excellent procedures for recording and reporting their financial information.

Protection of Unused Checks: Blank check paper is kept in a locked file cabinet.

Credit Card Policy: IPPA provides credit cards for employees and the Board President. Usage is strictly limited to expenses while conducting IPPA business only. IPPA has detailed policy on spending limit authorization for each employee, including the Executive Director and the Board President. We reviewed credit card invoices, employee expense reports and the allocation of these expenses within the accounting system. We find that IPPA provides excellent accountability for credit card usage.

Computer Records: All computer files are automatically backed up to an online electronic backup system.

Property Inventory Records: The IPPA Checkoff program has limited inventory and that which they store is promotional and educational materials. A property inventory does not seem to be relevant.

Insurance Coverage: IPPA has the following insurance coverage: Commercial Property & Business Income; Commercial General Liability; Commercial Umbrella/Excess Liability including Crime & Fidelity and Electronic Data Processing Equipment; Business Auto; Directors & Officers Liability; and Worker’s Compensation. We find that IPPA has adequate insurance coverage to protect Checkoff funds & assets.

Travel Policy: IPPA has extensive travel expense reimbursement policy which is in the process of being reviewed and updated. We find that expenses paid to staff and volunteers for their travel expenses appear to follow their policy.

Automobile Policy: The IPPA Checkoff budget does not furnish automobiles to staff or Board members except for personal auto and auto rental reimbursements for association travel. However, the IPPA non-Checkoff program does own an old automobile which all expenses are paid for with non-Checkoff funds. We find that no policy is needed.

Bank Agreement: IPPA has a bank account for Checkoff activities at BMO Harris. They have a repurchase agreement with this bank to fully collateralize with government securities (or government backed securities) for all funds in the investment sweep/saving account. The Checkoff funds remaining outside of the investment sweep/saving account are fully insured by the FDIC. All Non-Checkoff funds are maintained at an entirely different bank (PNC Bank).

Separation of Checkoff & Non-Checkoff Funds: IPPA has a bank account and a collateralized investment account for Checkoff funds at BMO Harris. All Non-Checkoff (Un-restricted) funds are maintained at an entirely different bank (PNC Bank). Also at the PNC Bank, the INPAC organization maintains a separate bank account for industry advocacy efforts.

The financial accounting policy provided by the 3rd. Party CFO, provides for a detailed monthly allocation of all expenses based on time allocation of the staff and/or direct payments for expenses from each of the different accounts. Only Administrative/General cost are considered for allocation by staff time. The final allocation spreadsheet calculates the percentage of expense to each cost class. The allocations are entered in the QB program and then an accounts receivable is created for the Checkoff account and an accounts payable is created for either the un-restricted account or the INPAC account. To make that sure that Checkoff funds are not being used for non-Checkoff purposes, a cash balance from both of the non-checkoff accounts is maintained in the Checkoff account. As this advanced cash is used to cover any non-checkoff expense, more cash is advanced to the Checkoff account. We reviewed several balance statements of these advanced funds and found that the balance of advance cash was more than sufficient in protecting Checkoff funds from inappropriate use. We also found that the time allocation of expenses and the direct cost payments provide total accountability for all funds and appropriately allocates the expenses to each of the various projects and activities.

**Recommendations/Suggestions:** We recommend that IPPA continue the process of reviewing and updating their policy and procedures manual and incorporate the necessary policy provided by the CPA for the IPPA financial system and accounting practices.

1. **Salary, Benefits and Overhead Allocation**

**Objective:** Determine if indirect costs including salaries, benefits and overhead are reasonably allocated between Checkoff and non-Checkoff programs.

**Findings:** We find that IPPA has reduced their administrative burdens by contracting with Worksmart to manage their Human Resource activities that most associations maintain within the organization for the staff to handle. We find that this arrangement appears to work well for the staff of IPPA. We do not have a finding on this arrangement from the IPPA Board of Directors.

We find that the cost of employees including salaries, benefits and the cost of contracting for human resource management is still an expense that IPPA must allocate to the budgeted projects and activities. As stated in the previous section, IPPA has a detailed and appropriate method for the allocation of these expenses. We find that IPPA provides a clear accounting and a reasonable allocation of their Administrative/General expenses between and within the Checkoff and non-Checkoff programs.

**Recommendations/Suggestions:** No Recommendations or Suggestions.

1. **Budgets**

**Objective:** Determine if the budget process has producer input, authorization and oversight; and verify that the budget has proper NPB and USDA approval. Determine if the program activities are consistent with the authorized budget.

**Findings:** We find that the IPPA Executive Committee serves also as the Budget & Finance Committee. IPPA begins the budget process by having the staff to review their specific programs areas with the committees that are focused on those budget areas. The committees and staff will recommend general direction and project ideas to the Executive Director along with their proposed budget needs.

The Executive Director reviews these and communicates with the staff, producers and allied industry representatives to prepare a proposed budget. The Executive Director presents the proposed budget to the Executive Committee for their review. The Executive Committee will meet to discuss, edit and adopt the proposed budget. The Board of Directors receive the budget and have the opportunity to review and approve the adoption or make changes to the budget. The Executive Director will submit the budget to NPB.

We find that IPPA has met NPB and AMS requirements for preparing and submitting their annual budget for Checkoff funds. We find that IPPA is following their approved budget and have taken appropriate steps as needed to adopt changes under NPB policy and guidance.

**Recommendations/Suggestions:** No Recommendations or Suggestions.

1. **Lobbying and Public Policy**

**Objective:** Determine who in the organization is involved in lobbying. Determine if they utilize outside individuals and/or organizations to lobby for the organization. Determine if Checkoff funds were used in any way for lobbying purposes. Determine if meeting minutes indicated lobbying activities.

**Findings:** IPPA has created another organization called INPAC to provide for all public policy or advocacy work for the pork industry in their state. The Executive Director of IPPA is also the Director of the INPAC organization. INPAC receives funding from non-Checkoff or unrestricted sources. We find that no Checkoff funds are used by this organization and when the Executive Director is working for INPAC his time and subsequent administrative and direct expenses are allocated to that organization. There is good financial accountability for these activities.

INPAC contracts with a lobby firm to provide most of their advocacy work. The Executive Director and the Director of Producer Outreach are primarily the only staff members ever involved in activities funded by unrestricted funds. We find that IPPA has appropriate accountability that no Checkoff funds are used for these programs.

The minutes of Board of Director meetings that we reviewed had no public policy advocacy action taken by the Directors and we did not find discussion of advocacy positions.

**Recommendations/Suggestions:** No Recommendations or Suggestions.

1. **Membership Activities**

**Objective:** Determine if Checkoff funded programs are benefiting all producers and if they are limited to membership only. Determine if Checkoff funds are used for membership activities. Determine how the organization maintains a list of producers and members in the state. Verify if the organization is communicating with all producers or limiting communications to membership only.

**Findings:** IPPA has a Director of Producer Outreach that is responsible for all membership activities. A significant portion of this staff member’s efforts involve membership activities or non-Checkoff programs. We find that IPPA has adequate non-Checkoff/unrestricted funds to cover the expenses of this staff person and all membership activities including any involvement by the Executive Director or other staff members. We find that membership communications and other such expenses are paid for directly from unrestricted funds. As stated in previous sections of this review, IPPA has an excellent record of communicating with all producers other than members.

**Recommendations/Suggestions:** No Recommendations or Suggestions.

1. **Communications**

**Objective:** Determine the appropriateness and accountability for the messages and tools used by the association to communicate. Determine cost allocation between Checkoff and non-Checkoff for communications.

**Findings:** IPPA has a Communications Manager that is the primary person responsible for preparing and disbursing all communications. The Executive Director will supervise all communications handled by the Communications Manager.

IPPA has an extensive array of communications, including several monthly e-mail blast, the Indiana Pork Report insert in the national Pork Checkoff magazine, articles and print items in other state & national Farm Publications, radio messages & interviews, 9 or 10 regional producers meeting during each year and the IPPA Annual Meeting reports.

These and other communication items include mostly Checkoff related information but will at times include non-Checkoff information. They communicate with pork producers, allied industry and the general public. They maintain a data base of active pork producers in the state and they also communicate with over 1600 permitted pork operations within Indiana. Their data base of active producers represents over 80% of all pork production in the state. They are currently working to have future access to all producers on the Indiana Board of Animal Health data base.

We find that IPPA communications are providing more than adequate industry information to individual producers and the industry at-large. We find that the cost allocation for IPPA communications is appropriate and well documented.

**Recommendations/Suggestions:** No Recommendation or Suggestions.

1. **Delegate Selection Process**

**Objective:** Determine if the association complies with NPB guidelines for selection for delegates and that the process is open to all producers.

**Findings:** We find that IPPA has complied with NPB guidelines for holding a Pork Act Delegate Candidate Election and that their election process has been certified by their President and Election Chairman and approved by NPB.

**Recommendations/Suggestions:** We suggest that IPPA conduct a more formal election meeting and prepare a more formal set of minutes of the election process.

1. **Non-Checkoff Income Generating Activities**

**Objective:** Determine that Checkoff funds are not being used to generate non-Checkoff revenues. Document how non-Checkoff income is developed and how expenses are allocated.

**Findings:** IPPA has non-Checkoff income sources from their State Fair concession, SIP contributions, membership dues and other contributions and sponsorships. The Director of Producer Outreach is responsible for unrestricted income development. The IPPA staff use an online program called TSheets to record and track time allocation. We find that IPPA has excellent accountability for cost allocations and we find that no Checkoff funds were used to conduct non-Checkoff revenue development.

**Recommendations/Suggestions:** No Recommendations or Suggestions.

1. **Other/General**

**Objective:** Address other issues that may need attention from the reviewers while conducting the review.

**Findings:** We find that IPPA has transitioned through the past few years and appear to have a hardworking, dedicated staff. We find that the Executive Director is interested in improving the management and effectiveness of IPPA. We find that IPPA has integrated several online electronic tools to enhance the delivery of their programs and the management of their activities.

We would encourage the IPPA Board of Directors to maintain and strengthen their involvement and oversight of the staff and programs. Ultimately, the Directors are responsible for this association and the Checkoff funds that are used by IPPA. We hope that you will use this review of your organization to improve and build on the quality work that you are currently doing for the pork industry.

**Recommendations/Suggestions:** No Recommendations or No Suggestions.