



How does Cattlemen's Beef Promotion & Research Board provide oversight and guidance to Qualified State Beef Councils?

The Cattlemen's Beef Promotion & Research Board (Beef Board) has, as part of its responsibility, the certification of Qualified State Beef Councils (QSBCs) and the implementation of the provisions of the Federal Order (7 CFR Part 1260, July 18, 1986). While the Beef Board oversees collection of \$1-per-head on all cattle sold in the U.S. and \$1-per-head equivalent on imported cattle, beef and beef products, the QSBCs collect the money in-state and may retain up to 50 cents for approved programs conducted locally or in support of nationally-funded programs. The entire \$1 is remitted to the Beef Board from assessments in Non-QSBC states and from importers.

As the administrators of the Beef Checkoff Program created under the Beef Promotion and Research Act and Order (Act and Order), the Cattlemen's Beef Board (CBB) is responsible for overseeing certain aspects of Qualified State Beef Council (QSBC) operations.

The responsibilities of a QSBC are outlined in the Beef Promotion and Research Order (Order) in § 1260.181. Organizations may submit applications to CBB requesting certification as a QSBC within a given state. CBB may certify no more than one organization per state.

Once an organization is certified, CBB monitors the entity's compliance with the requirements in the Order, as listed below from Section 1260.181(b):

- 1) Conduct activities as defined in Section 1260.169 of the Order that are intended to strengthen the beef industry's position in the marketplace.
- 2) Submit to CBB a report describing the manner in which assessments are collected and the procedure utilized to ensure that assessments due are paid.
- 3) Certify to CBB that it will collect assessments paid on cattle originating from the State or unit within which the entity operates, and shall establish procedures for ensuring compliance with Subpart A of the Order with regard to the payment of such assessments.
- 4) Certify to CBB that it shall remit to CBB assessments paid and remitted to it, minus authorized credits issued to producers pursuant to Section 1260.172(a)(3) of the Order, by the last day of the month in which the assessment was remitted to the entity unless CBB determines a different date for remittance of assessments.
- 5) (Reserved)
- 6) Certify to CBB that it will furnish CBB with an annual report by a certified public accountant of all funds remitted to it pursuant to Subpart A of the Order and any other reports and information CBB or the Secretary of Agriculture may request.

- 7) Not use funds collected for the purpose of influencing governmental policy or action, or to fund plans or projects which make use of any unfair or deceptive acts or practices including unfair or deceptive acts or practices with respect to the quality, value or use of any product that is a competitor to beef.

CBB uses several methods to monitor QSBC activities and compliance with the requirements. For example, CBB performs compliance reviews of QSBCs on a periodic basis, generally performing a compliance review on each QSBC every four (4) to five (5) years. The procedures performed in these reviews are customized for each QSBC based on the organizational structure and activities of the QSBC. During these reviews, CBB staff assess compliance with the Order, as well as CBB's guidelines for QSBCs.

CBB also requires all QSBCs to develop and submit an annual marketing plan to CBB for review. The marketing plan outlines the activities in the program areas of promotion, research, consumer information and industry information. The marketing plan must be submitted to CBB within the first 45 days of the QSBC's fiscal year.

As noted in (6) above, QSBCs must provide CBB with an annual audit report, prepared by a CPA. In the audit report, CBB requires the external auditor of each QSBC to include specific language related to the auditor's testing of the QSBC's compliance with the Act and Order and the CBB Investment Policy for QSBCs. The QSBC is also required to submit a comparison of the actual expenses versus amount budgeted, if this information is not part of the audited financials. When submitting the audited financials, the chairperson of each QSBC must also include a signed statement that states the following, in pertinent part: "The [QSBC] believes these reports, plans and budgets, and attached description of any modifications accurately reflect actual expenditures of the [QSBC], and we further believe these expenditures meet the requirements of Sections 1260.181 and 1260.169 of the [Order]."

The CBB Executive Committee receives regular reports on the timeliness of the submission of QSBC marketing plans, audited financial statements and other required submissions. The CBB Executive Committee also receives reports, in executive session, on the results of CBB's compliance reviews of QSBCs. USDA also receives these reports as a participant in all CBB Executive Committee meetings.

In addition, CBB provides resources and other recommendations to QSBCs, such as guidelines, examples of policy manuals and contract language, assistance with assessment collections, and assessment collection tracking software. The resources and recommendations are designed to help the QSBC to fulfill the requirements in the Order. CBB staff also are available constantly to consult with QSBC staff to provide expertise and advice.