

Recommendations from CBB Executive Committee Concerning CBB's Roles & Responsibilities - March 2011 (with proposed amendments)

Beef Board Responsibilities	Current Procedures	Reasons for Change	Recommended Changes to Beef Board Procedures
1. Select officers.	<p>1. Starting in 2011, CBB has will have its own nominating committee to nominate officer candidates, Executive Committee members and Operating Committee members. The full Beef Board votes on all nominees and <u>Board members have the ability to can</u> nominate candidates from the floor during the voting process. The CBB Chair selects the members of the nominating committee with input from the other CBB officers considering geography and industry segment. TheA chair of the committee <u>is the immediate past chair of CBB if that person still serves on the Board shall also be selected from the seven members of the committee. The committee shall recommend a slate of nominees to the Board beginning January 2011.</u></p>	<p>1. CBB decided to have a separate nominating committee in January 2009 (amended in July 2009), and this new committee will begin operation in January 2011. Therefore, CBB needs to formally adopt its nominating committee structure for FY 2011. None</p>	<p>1. CBB should have a separate nominating committee with seven members, starting at the annual meeting in January 2011. The CBB Chair shall select the members of the nominating committee with input from the other CBB officers considering geography and industry segment. A chair and vice chair shall also be selected from the seven members of the committee. The committee shall recommend a slate of nominees to the Board beginning January 2011. None</p>
2. Develop and implement plans, projects, and budgets.	<p>2. Since 1996, CBB has worked jointly with NCBA to develop plans, projects and budgets for CBB. Starting in 2011, <u>the joint committee coordination agreement with NCBA was terminated so that CBB and NCBA could develop a new working relationship which ensures beef checkoff processes are accountable to checkoff investors and properly structured will have its own processes and committees and may invite CBB members to participate as guests.</u></p>	<p>2. NCBA staff controls the development and implementation of checkoff plans, projects and budgets, therefore CBB has very little influence over the development of the joint <u>annual</u> plans and funding of CBB programs. In reality, CBB does not have its own strategic plans for the checkoff and the programs that are funded by CBB must also receive approval of the Federation representatives on the Operating Committee.</p>	<p>2. CBB shall develop its own strategic and annual plans, including the Board's priorities for funding. QSBCs <u>and contractors</u> shall have input on the Board's plans and priorities. CBB's budget shall be developed by a CBB-only budget committee with QSBC input. QSBCs may fund individual programs by sending funds directly to CBB. CBB shall also review the Federation of State Beef Council's budget to ensure compliance with the Act, Order and guidelines.</p>
3. Design committee structure.	<p>3. Since 1996, CBB has participated in a joint committee structure with NCBA for planning, budgeting, programs and evaluation. The design of the committee structure and appointment of members was has also been a joint process with the CBB and NCBA officers jointly making the decisions on committee leadership (although the agreement called eds for the NCBA President to make all joint committee appointments). Starting in 2011, <u>the joint committee coordination agreement with NCBA was terminated as NCBA will have its own committees and may invite CBB members to participate as guests.</u></p>	<p>3. CBB has a fiduciary responsibility to checkoff investors and USDA/AMS to ensure all checkoff programs are planned and performed in a manner which achieves the best results possible for all who invest in the checkoff. To properly fulfill its responsibilities, all committees of the Beef Board must be structured in a manner which ensures the Board's priorities are developed by Board members. Committees must provide proper direction to contractors.</p>	<p>3. CBB should design a committee structure for its members and implement the new committee structure prior to its annual meeting held at the beginning of the 2011 <u>summer conference</u>. CBB members shall serve as chair and vice-chair of the <u>each</u> committees. CBB shall encourage QSBC involvement and industry participation in its committees as an integral part of the process. <u>If QSBCs are represented on a committee</u>, the QSBC boards shall determine whether the chairman a board member or the staff executive of a QSBC serves on a CBB committee.</p>
4. Administer provisions of Act, Order, and regulations.	<p>4. CBB's Executive Committee and Audit Committee ensure CBB properly administers the Act, Order and regulations.</p>	<p>4. None</p>	<p>4. None</p>

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5. Develop and implement contracts, bylaws, and board policies.	5. CBB's Executive Committee and staff develop and implement contracts, bylaws and board policies, with Beef Board approval. The Operating Committee and CBB staff develop and implement OC contracts with Executive Committee oversight.	5. None	5. None
6. Recommend approval of plans, projects, and budgets to the Secretary of Agriculture.	6. The CBB Executive Committee does recommend the Board's plans, projects and budgets to the Secretary for approval, but there is no formal process for the Board to recommend approval of projects funded by the Operating Committee to the Secretary.	6. The Executive Committee ratifies the actions of the Operating Committee, but the full Board does not formally review and recommend projects to the Secretary for approval. This has resulted in CBB members being disconnected from the total array of programs funded by the Board (i.e., most members are only exposed to programs reviewed by the committees to which they are assigned).	6. The full Board should review all programs funded by the Operating Committee, along with the plans and budgets, and express any concerns to the Operating Committee.
7. Align programs and funding in accordance with the Board's strategic plan.	7. CBB currently relies on the "industry" long-range plan, the joint committee process (program committees and budget committee) and its primary contractor to develop annual plans/priorities and align programs and funding with those plans.	7. CBB has very little influence over the development of the joint plan and funding of its programs. In reality, CBB does not have its own strategic plan for the checkoff and the programs that are funded by CBB must also receive approval of the Federation representatives on the Operating Committee.	7. CBB shall develop the long-range and annual strategic plans/priorities for CBB and the checkoff, and ensure that all programs funded align with the Board's strategic plans/priorities. QSBCs and contractors shall be solicited for input during the planning process.
8. Receive and investigate complaints of violations.	8. The CBB Executive Committee receives and investigates complaints of violations.	8. None	8. None
9. Recommend program changes to the Secretary.	9. The Board's Administration Subcomm. has served as the Board's committee which periodically reviews the beef checkoff and recommends changes to the Secretary. This process was most recently completed in January 2009.	9. None	9. None
10a. Ensure funds collected under the program are only used for activities authorized under the Act and Order (specific to funds expended by the Board).	10a. The Board's Audit Committee ensures the Board's funds are used in accordance with the Act, Order and guidelines through annual audits by a CPA firm.	10a. None	10a. None

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<p>10b. Ensure funds collected under the program are only used for activities authorized under the Act and Order (<u>specific to</u> checkoff funds expended by the Board's contractors).</p>	<p>10b. The Board's Executive Committee ensures that contractor expenditure of checkoff funds comply with the Act, Order, guidelines and approved contracts/ARs through review of invoices and periodic compliance reviews. In addition, the Board and USDA/AMS both have <u>recently-issued</u> guidelines which specify eligible and ineligible uses of checkoff funds.</p>	<p>10b. None. USDA/AMS is in the process of updating its guidelines for research and promotion programs, but the Board has not updated its guidelines since 1990. As a result, changes in the Board's guidance over the years are not reflected in the Board's current guidelines.</p>	<p>10b. None. CBB shall update its <i>Guidelines for Approval of Programs under the Beef Promotion and Research Act</i> for approval by the Board's Executive Committee within one year and shall update the guidelines periodically as necessary. The Board shall also ensure all contractors, QSBCs and the Federation have current versions of CBB's and USDA/AMS's guidelines.</p>
<p>10c. Ensure funds collected under the program are only used for activities authorized under the Act and Order (<u>specific to</u> checkoff funds expended by Qualified State Beef Councils).</p>	<p>10c. The Board's Executive Committee ensures checkoff funds at Qualified State Beef Councils are used in accordance with the Act, Order and guidelines by reviewing annual marketing plans and audited financial statements, as well as conducting financial and procedural reviews of at least ten QSBCs each year. In addition, the Board and USDA/AMS both have guidelines which specify eligible and ineligible uses of checkoff funds.</p>	<p>10c. Refer to 10b. In addition, the working relationship between the Board and QSBCs is not functioning as well as it should to ensure open lines of communication about changing conditions and adherence to the Board's and AMS's guidelines. One example of this situation is that many QSBCs are not aware of the ability to send checkoff funds directly to CBB to fund specific programs at the national level.</p>	<p>10c. Refer to 10b for CBB <u>shall needs to</u> update and distribute CBB's <u><i>Guidelines for Approval of Programs under the Beef Promotion and Research Act</i></u> guidelines. The Board shall improve its outreach to Qualified State Beef Councils to foster a closer working relationship and educate QSBCs about such items as the opportunity to send checkoff dollars directly to CBB for funding specific national programs.</p>
<p>10d. Ensure funds collected under the program are only used for activities authorized under the Act and Order (<u>specific to</u> checkoff funds expended by the Federation of State Beef Councils).</p>	<p>10d. The Board's Executive Committee ensures checkoff funds at the Federation are used in accordance with the Act, Order and guidelines through review of NCBA's invoices to CBB each month and by <u>reviewing all Federation expenditures on a monthly basis</u> conducting periodic compliance reviews of NCBA. In addition, the Board and USDA/AMS both have guidelines which specify eligible and ineligible uses of checkoff funds.</p>	<p>10d. None. Since the Board only reviews Federation-only program expenditures when conducting periodic compliance reviews, exceptions may not be identified and resolved in a timely manner. CBB needs to exercise its responsibility over all checkoff funds, including ensuring that all Federation expenditures are in compliance. Also refer to 10b. for another reason for change.</p>	<p>10d. None. Refer to 10b. The Board shall exercise its responsibility for oversight of the Federation's checkoff funds by reviewing all Federation expenditures on a monthly basis.</p>
<p>11. Ensure funds are not used to influence government policy or action-- NO LOBBYING with checkoff dollars.</p>	<p>11. CBB uses the same procedures detailed in 10a. - 10d. to ensure checkoff funds are not used to influence government policy or action.</p>	<p>11. Refer to 10a - 10d. Also, concerns have arisen in recent months about the legality of checkoff representatives debating and voting on legislative or membership issues in an industry association.</p>	<p>11. Refer to 10a - 10d. In addition, CBB shall (a) reiterate its position against any person acting as a checkoff representative being engaged in, or voting on, legislative or membership issues in any industry association, and (b) clarify that checkoff dollars may not be used to fund travel or other expenses to meetings that involve legislative policy development, regardless of origin of checkoff dollars (QSBC, Federation or CBB).</p>
<p>12. Appointed by the Secretary of Agriculture and a representative of USDA.</p>	<p>12. The Executive Committee ensures that all Board members operate as representatives of USDA.</p>	<p>12. There is currently no formal process in place at CBB to assure that CBB members take seriously their role as representatives of the Secretary of Agriculture and the requirement that CBB members avoid all conflicts-of-interest.</p>	<p>12. CBB shall develop and implement a policy indicating that CBB takes non-compliance with the Act, Order and guidelines seriously, and if non-compliance is reported, CBB shall follow up and take action. CBB shall also require each CBB member to sign a conflict-of-interest form annually.</p>

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13. Take responsibilities seriously and perform them to the best of Board members' abilities.	13. The Executive Committee ensures that all Board members operate as representatives of USDA.	13. CBB has no formal process to ensure all Board members are reminded periodically about their responsibilities.	13. CBB shall remind Board members regularly of the responsibility to perform to the best of their ability and in the best interest of the industry.
14. Make decisions based on what will have a positive impact on the entire industry.	14. Under the oversight of USDA, the Executive Committee and Operating Committee are responsible for making decisions that will have a positive impact on the entire industry.	14. The Operating Committee and the Executive Committee need checkoff-specific goals and additional metrics to make informed program and funding decisions benefitting the entire industry.	14. Refer to 2 and 7. A CBB strategic plan to direct funding decisions, and a strong evaluation program, will help CBB be more directed and successful. A strategic plan will help guide decision making, and help leadership set and achieve goals.
15. Decisions must not be based on personal interest, special interest of other organizations; State or regional interest of committees that you represent.	15. Under the oversight of USDA, the Executive Committee is responsible for ensuring decisions are not based on members' personal interest, special interests of other organizations, state or regional interest or committees on which members serve.	15. Under the current structure, some members of the Operating Committee, who are also on the board of directors of contracting organizations, vote on Authorization Requests proposed by those same contractors.	15. None
16. Disclose any actual or perceived conflicts of interest and do not vote on such matters.	16. Under the oversight of USDA, the Executive Committee is responsible for ensuring CBB members disclose any actual or perceived conflicts of interest and do not vote on such matters.	16. Refer to 15.	16. None
17. Create industry unity by communicating and supporting Board programs and projects to QSBCs.	17. CBB reviews state marketing plans for compliance with Act and Order.	17. Additional opportunities for partnerships and synergies between state and national checkoff planning and programs may exist.	17. CBB shall review state marketing plans carefully not only to determine compliance with the Act and Order, but also to encourage cooperation between state and national programs.
18. Evaluate the effectiveness of the checkoff programs.	18. The Operating Committee is responsible for evaluating the effectiveness of the Board's programs and has delegated that responsibility to the Joint Evaluation Committee. The Evaluation Committee does not evaluate the effectiveness of Federation-only or QSBC programs.	18. The Evaluation Committee currently reviews checkoff programs that utilize CBB funding only. Evaluation of all programs that make use of checkoff funding is the responsibility of the Board.	18. The Evaluation Committee shall be comprised of CBB members only and shall evaluate all CBB and joint programs. Federation members will be included on the committee if all Federation-funded activities are included in the evaluation process. The Evaluation Committee shall also evaluate all national checkoff programs (e.g. CBB, Federation and joint programs) and review current program evaluations at QSBCs and CBB shall compare QSBC marketing plans and budgets to evaluations to ensure all programs are evaluated. If an evaluation identifies deficiencies in a program, CBB shall assure that such deficiencies are remedied.

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19. Communicate the results of checkoff-funded programs to the farmers, ranchers and importers who invest in the Beef Checkoff Program.	19. The Beef Board funds and manages a producer communications program that disseminates the results of checkoff-funded programs to checkoff investors. The Board also funds a producer attitude survey that asks producers questions about program priorities.	19. Checkoff investors should be asked for input regarding program priorities for checkoff work, <u>so there is no reason to change this procedure.</u>	19. None. CBB shall continue to ask questions in the producer attitude survey to aid the checkoff priority-setting process.
20. Ensure the beef checkoff operates in accordance with the Guidelines for AMS Oversight of Commodity Research and Promotion Programs.	20. The Executive Committee ensures the Board complies with the AMS Guidelines and submits comments about the guidelines to AMS when requested.	20. This responsibility is under the purview of the CBB Executive Committee and there is no reason to change.	20. None. The Board's Executive Committee shall continue to ensure the Board operates in accordance with the AMS Guidelines.