

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
INDEPENDENT ACCOUNTANT'S REPORT**

**AGREED-UPON PROCEDURES
For Fiscal Years Ended September 30, 2008 and 2009
And for the Five Months Ended February 28, 2010**

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

Board of Directors
The Cattlemen's Beef Promotion and Research Board
Centennial, Colorado

We have performed the procedures enumerated in the following pages, which were agreed to by Cattlemen's Beef Promotion and Research Board (the Board) with respect to salary and wages, disbursements, and other items charged by the National Cattlemen's Beef Association (NCBA), contractor to the Board, for the Beef Checkoff Program (the Checkoff), which is funded by the Board and the Federation of State Beef Councils division of NCBA (the Federation, for fiscal years ending September 30, 2008 and 2009, and for the five-month period ended February 28, 2010. These procedures were performed solely to assist the Board in determining that the salary and wages, disbursements, and other charges selected for testing are in compliance with the Beef Promotion and Research Act of 1985 (the Act) and the Beef Promotion and Research Order (the Order) and the contract between NCBA and the Beef Promotion Operating Committee (BPOC). This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures performed and the related findings are attached.

We were not engaged to, and did not, conduct an examination or a review, the objective of which would be the expression of an opinion or limited assurance on NCBA's financial statements or any elements, accounts or items thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Also, we will not express an opinion or limited assurance on the effectiveness of NCBA's internal control over financial reporting or any part thereof.

This report is intended solely for the information and use of management, the Board of Directors, and the U.S. Department of Agriculture and is not intended and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Denver, Colorado
July 23, 2010

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
 AGREED-UPON PROCEDURES
 for Fiscal Years Ended September 30, 2008 and 2009
 and for the Five Months Ended February 28, 2010**

OVERHEAD ALLOCATION

1. For a sample of 45 disbursements charged to the overhead cost pool (which is allocated to the Checkoff programs approved by the Beef Promotion Operating Committee (BPOC)) as selected by the Board, we verified the following:
 - a. Amount agreed to the general ledger and copy of cancelled check.
 - b. Invoice or expense report was approved in accordance with NCBA policy.
 - c. Cost was charged to the cost center and fund as indicated on the invoice or expense report.
 - d. Cost was charged to the correct period based upon the time the service was performed/goods delivered as indicated on the invoice or expense report.
 - e. Charge was properly recorded as an overhead expense (i.e. should not have been recorded to a specific project code) and was included in the correct project code and fund source.

Results: We noted that documentation supported the expense charged to the overhead cost pool, except for the following:

No.	Payee Description	Date	Amount *	Description
1.	Member Organization	March 31, 2009	\$8,044	Senior staff member's annual dues to an international meat organization. The BPOC has approved another contractor for the international marketing of beef apart from NCBA and the programs approved by the BPOC should not be charged for NCBA's international marketing efforts.
2.	Senior Staff Member	August 25, 2009	\$383	Senior staff member's reimbursement for airfare to Fort Worth, Texas. Purpose of the travel was for a meeting regarding the establishment of a state beef council and member insurance program at NCBA. Per NCBA, this should have been coded to the Federation and Policy Divisions.

* The dollar amount represents the invoice amount charged to the overhead cost pool, not the amount which was recorded to the Checkoff program.

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OVERHEAD ALLOCATION (CONTINUED)

No.	Payee Description	Date	Amount *	Description
3.	Law Firm	September 30, 2009	\$2,474	Legal invoice for work performed regarding NCBA's trademarks (Beef USA), entity registrations, entity structure, and copyrights. These charges are to maintain the existence of NCBA.
4.	Law Firm	November 30, 2009	\$4,049	Legal invoice for work performed regarding NCBA's entity registrations and trademarks (Beef USA). These charges are to maintain the existence of NCBA.
5.	Food Consulting Firm	November 17, 2009	\$2,000	Expense that was a part of the Certified Beef Agreement. Per NCBA, this should have been coded to the Policy Division.

* *The dollar amount represents the amount charged to the overhead cost pool, not the amount which was recorded to the Checkoff program.*

In addition, we were unable to determine if nine of the disbursements totaling \$29,819 included in the overhead cost pool were properly coded. See Exhibit A for more details.

TIME REPORTING AND ALLOCATION OF SALARIES AND BENEFITS

Employee Inquiry

- For a sample of 25 employees of NCBA as selected by the Board, we performed inquiry regarding NCBA's time reporting policy and procedures. See Exhibit B for a list of interview questions.

Results: The employees responded to the inquiries without exception.

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TIME REPORTING AND ALLOCATION OF SALARIES AND BENEFITS (CONTINUED)

Employee Time Reports

3. For a sample of 25 employees as selected by the Board, a sample of time reports for five months (two months in fiscal year 2008, two months in fiscal year 2009, and one month for the five months ended February 28, 2010) were selected. For these five months for the 25 employees selected, we compared the monthly time reports to the following items to determine if the documentation a) supports, b) contradicts, or c) neither supports nor contradicts the time charged to the project code:
 - a. Job description
 - b. Travel expense detail
 - c. Monthly calendar
 - d. Notes in time reporting system (Replicon)
 - e. Personnel leave approval forms (reported and approved in Replicon)

Results: We noted that documentation supported the time charged to the proper project code, except for the following:

- One instance in which the employee's job description contradicted the time reported as the employee's job description included non-Checkoff revenue development responsibilities; however, no time was coded to revenue development. For example, the same employee attended a revenue generation meeting to discuss non-checkoff revenues but recorded the time to a Checkoff project code.
- Six instances in which employee time reports were coded to an improper project code or fund source.
 - Three employees attended non-Checkoff revenue development meetings and coded their time to the Checkoff program rather than the Policy Division. The miscoding of time was approved by a supervisor. (April 2009)
 - Three employees attended the NCBA Charity Golf Tournament. One employee coded his/her time entirely to the Checkoff program, one coded time to the Federation, and one coded time to the overhead cost pool. (September 2008)

For 25 instances, we were unable to determine if time was properly recorded due to the nature of the activity or meeting attended. See Exhibit C for more details.

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TIME REPORTING AND ALLOCATION OF SALARIES AND BENEFITS (CONTINUED)

Employee Time Reports (Continued)

In addition, we noted sixteen instances in which travel expense coding was different from the time expense coding for that same time period. These errors impacted the projects charged but did not impact the funding source.

One employee's calendars were not provided for the following months due to lost data: January 2008, September 2008, April 2009 and June 2009.

Lastly, all twenty-five employees' calendars neither supported nor contradicted the employees' time charged to the project code and fund source for all days in the five months selected for testing because the majority of hours charged were not reflected on their calendars. These are not considered exceptions, as employees are not required to track all time in individual calendars.

Salary Allocation

4. For the months selected in Step 3, we obtained the monthly salary allocation schedules. We traced time reported on the monthly time reports tested in Step 3 to these monthly salary allocation schedules. We recalculated the monthly salary allocation schedules for accuracy.

Results: The procedure was performed without exception.

Benefit Expenses

5. From NCBA's general ledger detail for benefit expense, we selected a sample of unusual and/or infrequent charges for testing. Unusual and/or infrequent is defined as a charge that does not fall into one of the following categories:
 - a. United Healthcare
 - b. Vision Service Plan
 - c. Colonial Life
 - d. Sun Life

We then selected additional items haphazardly to reach a minimum sample of five for fiscal year 2009 and 2008 and for the five month period ending February 28, 2010, for a total sample of at least 15.

CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
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TIME REPORTING AND ALLOCATION OF SALARIES AND BENEFITS (CONTINUED)

Benefit Expenses (Continued)

For the sample, we:

- a. Agreed the amount posted to the general ledger to invoice and proof of payment.
- b. Determined the item was paid within the specified time period described on the invoice.

Results: For a sample of 15 items tested, the procedures were performed without exception except for seven instances in which invoices totaling \$187,828 were not paid timely. Untimely payments ranged from two to twelve days late.

Employee Salary

6. For the sample in Step 3, we performed the following procedures:
 - a. Agreed the salary, wage, and bonuses (if applicable) charged to the projects on the monthly salary allocations schedules from Step 4 to the following:
 - I. Payroll register
 - II. Approved pay rate/salary in personnel file
 - III. Contract, if applicable
 - IV. Bonus contract and calculation, if applicable.

Results: The procedure was performed without exception.

TRAVEL COSTS

Travel General Ledger

7. We obtained the detailed trial balance for travel expense. We agreed the trial balances to the general ledger to ensure the balances were complete and included all travel expenses.

Results: The procedure was performed without exception.

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TRAVEL COSTS (CONTINUED)

Travel Expenses

8. From the detailed trial balance obtained in the Step 7 above, we haphazardly selected a sample of 25 travel expenses. We obtained time reports, notes in the Replicon system, and the calendar for the employee for the month(s) related to the travel. We agreed travel expenses to supporting documentation, such as invoices, itineraries, conference agendas, etc. We then compared the travel expenses to the following items to determine if the documentation a) supports, b) contradicts, or c) neither supports nor contradicts the travel expenses charged to the project code:
 - a. Time Report
 - b. Monthly calendar
 - c. Notes in time reporting system (Replicon)

Results: All samples supported the travel expenses charged to the proper project code except for the following:

- Two instances in which time recorded by the employee in the time keeping system contradicted the travel expense coding. Total travel expenses for these two instances were \$2,544.
 - A senior staff member recorded time incurred for a week in March 2009 to a Governance project code (80996), an overhead project code for the Policy Division, an overhead project for the Checkoff, and directly to the Checkoff; however, 100% of the expenses (\$1,126) were coded only to the overhead cost pool for Checkoff. (April 13, 2009)
 - An employee recorded his time incurred in March and April 2009 to a Washington, D.C. overhead project code (81935); however, the expenses of \$1,418 on the expense report were coded to the Information Technology project code (81955) in the overhead cost pool. (May 13, 2009)
- Six travel expenses which were improperly recorded, including one instance that included expenses for spouse travel. Total travel expenses for these six instances were \$7,914.
 - Travel expenses totaling \$245 and time incurred in March and April 2008 for a senior staff member to attend a new hire training in Washington, D.C. and the Policy Division's Spring Legislative Conference were coded to the overhead cost pool. These expenses were not split between the Policy Division and the Checkoff based on actual time incurred on each activity. (April 16, 2008)

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TRAVEL COSTS (CONTINUED)

Travel Expenses (Continued)

- Travel expenses totaling \$1,126 for a senior staff member to attend a NCBA Governance Task Force meeting and to attend a NCBA staff meeting in Washington, D.C. were coded to the overhead cost pool. As the Governance Task Force relates to NCBA's governance structure and the staff meeting is related to the Policy Division, the expenses should have been coded to the specific project codes for these activities. (April 13, 2009)
- An employee held a company values discussion in the NCBA office in Washington D.C. and coded all time incurred in July 2009 and expenses totaling \$246 to the Federation. The time and expenses should not have been coded to the Federation. (August 11, 2009)
- Travel expenses for a volunteer of NCBA totaling \$685 for a U.S. Meat Export Federation meeting were coded to the overhead cost pool. The travel expenses should have been coded directly to the Federation. (August 18, 2009)
- A senior staff member coded registration expenses totaling \$2,020 to the overhead cost pool for a trip to New Zealand to attend the Five Nations Beef Conference. The expenses should not be coded to overhead. (January 14, 2010)
- A senior staff member expensed travel costs totaling \$3,592 related to his spouse's travel to New Zealand for the Five Nations Beef Conference and his spouse and child's travel to San Antonio, Texas to the overhead cost pool. As these expenses relate to the spouse and child, the expenses should be recorded to the Policy Division. Checkoff funds cannot be used for spouse's travel per the Agriculture Marketing Service (AMS) guidelines. (February 24, 2010)

For seven travel expenses totaling \$6,336, we were unable to determine if charges were properly recorded due to the nature of the activity or meeting attended. See Exhibit D for more details.

In addition, we noted one instance in which travel expense coding was different from the time expense coding for that same period. Yet, this did not impact the funding source.

CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
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TRAVEL COSTS (CONTINUED)

Travel Expenses (Continued)

Although not considered exceptions, we noted the following instances that were neither supported nor contradicted by time reports, the monthly calendars, or notes in the Replicon system:

- Ten travel expenses were neither supported nor contradicted by the employees' calendars. Examples include appointments not listed on calendars or details on appointments did not support the travel expenses, as employees are not required to record all travel and appointments on individual calendars.
- Seven travel expenses were neither supported nor contradicted by the employees' notes in the time reporting system.

Lastly, during testing, additional inquiry was required on 18 travel expenses to determine proper coding due to lack of documentation and detailed business purpose. Exceptions noted after additional inquiry are included in the summary above.

FEDERATION OF STATE BEEF COUNCILS DIVISION COSTS

Designated Federation Funds

9. We requested a list for all projects funded (fully or partially) with designated Federation Funds contributed by a Qualified State Beef Council (QSBC). From this list, we haphazardly selected a sample of ten charges (four from fiscal year 2008, four from fiscal year 2009, and two from the five months ending February 28, 2010) and performed the following:
 - a. Agreed to supporting invoice or other supporting documentation.
 - b. Verified the charge was for the purpose stated by the Qualified State Beef Council funding the project.
 - c. Agreed the purpose to the Act and the Order.

Results: The procedure was performed without exception.

Federation of State Beef Councils

10. From the general ledger detail of the Federation of State Beef Councils expenses, we selected a sample of 75 charges (30 in fiscal year 2009, 30 in fiscal year 2008, and 15 in the five month period ending February 28, 2010). For the sample of 75, we performed the following:

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FEDERATION OF STATE BEEF COUNCILS DIVISION COSTS (CONTINUED)

Federation of State Beef Councils (Continued)

- a. Agreed to supporting invoice or other supporting documentation.
- b. Agreed to allowable purposes as outlined per the Act and the Order.
- c. Verified the charge was coded to the correct project code and fund source.

Results: The procedures were performed without exception, except for the following instances:

- Two instances in which the amounts charged to the Federation included travel expenses for Board members' spouses.
 - A NCBA officer and his wife attended tours in Hawaii for \$250. Of this amount, \$125 was expensed to the Federation and \$125 was expensed to the Policy Division. Checkoff funds cannot be used to pay for spouse's expenses per the AMS guidelines. (September 2, 2008)
 - An officers' dinner for \$2,316, at the Annual Winter Convention included amounts for spouses. Of this amount, \$1,158 was charged to the Federation and \$1,158 was charged to the Policy Division. Checkoff funds cannot be used to pay for spouses' meals per the AMS guidelines. (February 17, 2009)
- One instance in which an invoice totaling \$7,200 for a speaker at a professional development training for State Beef Councils and State Policy Affiliates was coded entirely to the Federation instead of allocated evenly between the Federation and Policy Divisions. (September 3, 2008)

For five instances totaling \$25,631 charged to the Federation, we were unable to determine if the Federation expenses agreed to the purposes outlined in the Act and the Order and if they were coded to the correct project due to the nature of the activities. See Exhibit E for more details.

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FEDERATION OF STATE BEEF COUNCILS DIVISION COSTS (CONTINUED)

Federation Initiative Projects

11. For a sample selected by the Board of 17 Federation Initiative Projects awarded to Qualified State Beef Councils and funded in either fiscal year 2008 or fiscal year 2009, we performed the following:
- a. Determined if the project was approved in compliance with NCBA's policy by reviewing meeting minutes or other appropriate documentation.
 - b. Obtained the written proposal and the final report including the final report of expenditures (FROE) for the project. Agreed the approved project to the purpose of the Act and the Order.
 - c. Viewed evidence on how NCBA monitored the progress of the approved project and evaluated the success of the project.
 - d. Determined if any unused funds were properly returned by the Qualified State Beef Council to NCBA.

Results: We performed the procedures described without exception, except for one instance in which we noted a Qualified State Beef Council did not return unused funds from the project to NCBA, but rather sent an email noting that they were going to submit an additional application to use the remaining funds.

SUBCONTRACTOR COSTS

12. For a sample of four subcontractors used by NCBA, as selected by the Board, we determined if NCBA complied with their policies of selecting subcontractors by agreeing to competitive bids, written contracts, purchase orders, and/or the unique service provider list.

Results: The procedures were performed without exception except for the following instances:

- Two subcontractors were not selected in accordance with NCBA's policy for selecting subcontractors because they were not listed on the unique service provider list nor did NCBA follow their competitive bid policy.

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
 AGREED-UPON PROCEDURES
 OVERHEAD ALLOCATION
 EXHIBIT A**

The following is the detail on the nine charges in which we were unable to determine if the charges were properly coded as an overhead expense to the overhead cost pool allocated to the Checkoff programs approved by the BPOC:

No.	Payee Description	Date	Amount *	Description
1.	Credit Card Fees – various	February 9, 2009	\$10,227	Credit cards fees. NCBA separately tracks credit card fees for Summer and Winter conference fees. As NCBA does not track the project code for the remaining credit card charges, we were unable to determine if the coding for the credit card fees was proper
2.	Credit Card Fees - various	July 3, 2009	\$2,291	
3.	Employee	September 22, 2009	\$342	Employee reimbursement for airfare. Employee traveled to Texas for a San Antonio site visit and to Chicago to attend Beef 101 training. Due to the nature of the activities, we are unable to determine if the expenses were coded to the proper project codes.
4.	Law Firm	September 30, 2009	\$2,227	Legal invoice regarding archiving Meat Board files from Chicago for the University of Wyoming. The Meat Board was founded prior to the Act and the Order. We selected a similar invoice regarding Meat Board file archiving in the Federation expense testing which was coded to the Federation. We are unable to determine if the coding was proper due to lack of consistency when recording expenses for this specific project.
5.	Contractor	December 15, 2009	\$5,524	Preconstruction charges for the NCBA test kitchen in Denver. Based on the documentation received, we were unable to determine if the expense was coded properly.

** The dollar amount represents the amount charged to the overhead cost pool, not the amount which was recorded to the Checkoff program.*

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
 AGREED-UPON PROCEDURES
 OVERHEAD ALLOCATION
 EXHIBIT A
 (Continued)**

The following are four charges of a senior staff member. The staff member consistently records all time and expenses to a specific project code which is then allocated through the overhead cost pool.

No.	Payee Description	Date	Amount *	Description
6.	Credit Card Company	May 27, 2009	\$4,184	A senior staff member's airfare expenses for seven trips in April and May 2009 between Indiana, Denver, Washington, D.C., Illinois, Texas, Oklahoma, and Missouri. Supporting documentation did not state a business purpose or provide other supporting documents to verify the purpose of the travel. We are unable to determine if the expenses were coded properly to the overhead cost pool.
7.	Credit Card Company	July 21, 2009	\$2,684	A senior staff member's airfare expenses for six trips in June and July 2009 between Indiana, Colorado, Nebraska, Texas, and California. Supporting documentation did not state a business purpose or provide other supporting documents for the purpose of the travel. We are unable to determine if the expenses were coded properly to overhead cost pool.
8.	Senior Staff Member	December 15, 2009	\$584	Senior staff member's reimbursement for a meal to discuss the NCBA Governance Task Force. Based on the information provided, including list of attendees, we are unable to determine if the expense is recorded properly.
9.	Senior Staff Member	December 15, 2009	\$687	Senior staff member's reimbursement for a meal while in California. Based on the information provided, including list of attendees, we are unable to determine if the expense was coded properly.

** The dollar amount represents the amount charged to the overhead cost pool, not the amount which was recorded to the Checkoff.*

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
AGREED-UPON PROCEDURES
TIME REPORTING AND ALLOCATION OF SALARIES AND BENEFITS
EMPLOYEE INQUIRY
EXHIBIT B**

1. Management Questions

- i. Provide your job title and describe your job responsibilities.
- ii. Have you read the NCBA time reporting policy?
- iii. Summarize your understanding of the NCBA time reporting policy.
- iv. How do you communicate to your employees your expectations for them to track and record their time?
- v. How are new project codes or changes in project codes communicated to you and your employees?
- vi. Describe how you track your time each day.
- vii. What tools do you use to track your meeting and travel schedule?
- viii. What criteria do you use to determine the project code and fund source you use to record your time on a daily basis?
- ix. Have you ever been asked to change how you record your time? If yes, please describe.
- x. Have you ever been asked to record your time or change the time you recorded to a project code or fund source that was inconsistent with the work performed? If yes, please describe.
- xi. Have you ever been asked to change information in your calendar (or any other information) as a result of the procedures we are performing? If yes, please describe.
- xii. What project codes do you use to record your time for your duties described in Step i?
- xiii. Who approves your time report each month?

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
AGREED-UPON PROCEDURES
TIME REPORTING AND ALLOCATION OF SALARIES AND BENEFITS
EMPLOYEE INQUIRY
EXHIBIT B
(Continued)**

2. Non-management Questions

- i. Provide your job title and describe your job responsibilities and the types of activities you perform in a typical month.
- ii. Have you read the NCBA time reporting policy?
- iii. Summarize your understanding of the NCBA time reporting policy.
- iv. How were you informed of the time reporting policy and what other guidance have you been provided regarding charging your time.
- v. Describe how you track your time each day.
- vi. What tools do you use to track your meeting and travel schedule?
- vii. What tools do you use to track the activities/tasks you perform each day in order to properly charge your time in accordance with the NCBA time reporting policy?
- viii. What criteria do you use to determine the project code and fund source you use to record your time on a daily basis?
- ix. Are the time codes available to you adequate to cover all of the work you do?
- x. Have you ever been asked to change how you record your time?
- xi. Have you ever been asked to record your time or change the time you recorded to a project code or fund source that was inconsistent with the work performed? If so, please describe.
- xii. Have you ever been asked to change information in your calendar as a result of the procedures we are performing? If so, please describe.
- xiii. What project code would you use to record your time for your duties described in Step i?
- xiv. Who approves your time report each month?

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
AGREED-UPON PROCEDURES
TIME REPORTING AND ALLOCATION OF SALARIES AND BENEFITS
EMPLOYEE TIME REPORTS
EXHIBIT C**

The following is the detail on twenty-five instances in which we were unable to determine if time was properly recorded as noted during the "Employee Time Reports" test.

1. Four employees' participation in Young Cattlemen's College which includes both Checkoff and Policy elements. Two employees coded their entire trip to the Checkoff program and the other two employees coded their time to the overhead cost pool. Due to nature of the meetings attended, we were unable to determine if the expenses were coded properly. (June 2009)
2. Nine employees attended professional development training in Indianapolis. The employees coded their time and expenses for the training to the project code assigned to their daily duties which ranged from the Checkoff, Federation, and the overhead cost pool. We are unable to determine if the coding was proper due to lack of consistency when recording time for this training. (June 2009)
3. Six employees attended professional development training in Denver. The employees coded their time and expenses for the training to the project code assigned to their daily duties which ranged from the Checkoff, Federation, and Policy Division. We are unable to determine if the coding was proper due to lack of consistency when recording time for this training. (April 2009)
4. One employee's job responsibilities primarily include processing billings and payments for the Federation; yet, he/she records his/her time to an overhead cost pool which is partially allocated to the Checkoff, including projects funded by the BPOC. We were unable to determine if the coding was proper. (April 2009, June 2009 and February 2010)
5. One senior staff member is a participant in the International Stockmen's Education Foundation (ISEF). A meeting to discuss revenue development for the ISEF was recorded to Checkoff. We are unable to determine how this affiliation supports the objectives of Checkoff and therefore cannot determine if the time was recorded to the proper project code and fund source. (January 2008)
6. Three employees participated in meetings related to Country of Origin Labeling which were coded to the Checkoff. Based on the information provided, we are unable to determine how this supported the objectives of the Checkoff. As a result, we cannot determine if the time was recorded properly. (September 2008)
7. NCBA's time policy is to record time to the lowest possible fund source and project code. Since April 2009, a member of senior staff coded all time to the overhead cost pool allocated to programs approved by the BPOC instead of to the appropriate project code. (April 2009, June 2009 and February 2010)

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
AGREED-UPON PROCEDURES
TIME REPORTING AND ALLOCATION OF SALARIES AND BENEFITS
TRAVEL COSTS
EXHIBIT D**

The following is the detail on the seven instances in which were unable to determine if the travel expenses were properly coded based upon information provided.

1. A volunteer attended a meeting to determine the feasibility of adding a Voluntary Investment Group to enhance revenue. The expenses incurred from the meeting totaling \$443 were coded to the overhead cost pool. Due to nature of the meeting, we are unable to determine if the expenses were properly coded. (October 16, 2007)
2. A Board member expensed costs totaling \$1,435 associated with travel to the White House, Montana Stock Growers Association, and the NCBA three-office tour evenly between the Federation and the Policy Division. Due to the nature of the activities, we are unable to determine if the expenses are coded properly. (January 8, 2008)
3. An employee coded travel expenses totaling \$1,418 to the Information Systems overhead cost pool for a trip to the Washington, D.C., office to work on the computer network. This was inconsistent with the project code in which the employee's time incurred in March and April 2009 was recorded. Due to the nature of the activities, we are unable to determine if the employee's expenses were coded properly. (May 13, 2009)
4. A senior staff member consistently records all time and expenses to a specific project code which is then allocated through the overhead cost pool. The senior staff member incurred expenses totaling \$1,205 for travel between Indiana, Washington, D.C. and Kansas and did not provide information supporting the business purpose. All expenses and time incurred in May 2009 were recorded to the overhead cost pool. Based on the documentation provided we are unable to determine the proper coding for these expenses. (June 9, 2009)
5. An employee traveled to Washington, D.C. to train employees on the time recording system and to discuss policy related items. All of the expenses totaling \$466 were coded to the overhead cost pool. Due to nature of the meetings attended, we are unable to determine if the expenses are coded properly. (June 26, 2009)
6. A senior staff member consistently records all time and expenses to a specific project code which is then allocated through the overhead cost pool. The senior staff member incurred expenses totaling \$1,062 for travel between Indiana, Denver, Missouri, and Kansas and did not provide information supporting the business purpose. All expenses and time incurred in November and December 2009 were recorded to the overhead cost pool. Based on the documentation provided, we are unable to determine the proper coding for these expenses. (December 15, 2009)
7. A senior staff member's expenses for travel to Oregon for the Idaho Cattlemen's Workshop and meetings totaling \$307 were coded to the overhead cost pool. Based on the documentation provided we are unable to determine the proper coding for these expenses. (February 26, 2010)

**CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD
AGREED-UPON PROCEDURES
FEDERATION OF STATE BEEF COUNCILS DIVISION OF COSTS
EXHIBIT E**

The following is the detail on the five Federation charges in which we were unable to determine if the charges were properly coded:

1. A journal entry for \$20,958 to reclassify NCBA brand strategy and communication expenses from the Policy Division to the Federation. The allocation was changed to correspond to the time incurred in each division. As the time allocation was not part of our procedures, we were unable to determine based on the information received if the expense was coded properly. (September 30, 2008)
2. A Board member attended the Canadian Cattlemen's Convention and coded expenses for meals of \$39 to a governance cost code which was split evenly between the Federation and Policy Division. Due to the nature of the meetings attended we are unable to determine if the expenses are coded properly. (September 30, 2008)
3. An expense for conference calls totaling \$1,531 initiated by an employee who works on both the Federation and the Policy Division was coded entirely to the Federation. We are unable to determine the nature of the conference calls and therefore cannot determine if the expense complies with the Act and Order and if it was coded properly. (August 4, 2009)
4. A NCBA officer traveled to Hawaii for the Hawaii Cattlemen's Association meeting. Travel expenses for airfare was \$1,132 which was split evenly between the Federation and Policy Division. Due to the nature of the meetings attended we are unable to determine if the expenses are coded properly. (December 9, 2009)
5. An expense totaling \$1,971 was recorded entirely to the Federation for a legal invoice regarding archiving records for the Meat Board and Policy Division files. Approximately \$146 related to the policy files and should be coded to the Policy Division. Additionally, a similar invoice was selected in the Overhead Allocation discussed in Exhibit A noted above and the charge was coded to the overhead cost pool. Due to lack of consistency when recording expenses for the Meat Board project we were unable to determine if the expenses were coded properly. (December 22, 2009)