



## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
California Beef Council

We have performed the procedures enumerated below, as specified in the Manual for Performing Agreed Upon Procedures for California Agricultural Marketing Programs for the year ended December 31, 2013, solely to assist the specified parties in evaluating California Beef Council's compliance with the California Department of Food & Agriculture (CDFA) *Accounting Guidelines and General Rules*, effective October 1, 2009 and amendments effective January 1, 2011, and the Council's internal policies and procedures. California Beef Council's management is responsible for the Council's compliance with those requirements. 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 those 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.

### **Agreed Upon Procedures Performed**

1. Review the Council's compliance with the California Department of Food and Agriculture's (CDFA) *Accounting Guidelines and General Rules*, effective October 1, 2009 and amendments effective January 1, 2011 and the Council's internal written policies and procedures, for the following accounts and transactions during the year ended December 31, 2013:
  - a. Accounts 6380 and 6400 – Staff Travel and Meetings
  - b. Employee use of Council-Owned vehicles
  - c. Financial Transactions between Entities
  - d. Contracts

2. Assess the Council's current internal control structure in relation to the CDFA *Accounting Guidelines and General Rules*, focusing on the following internal control transaction cycles as defined by CDFA:
  - a. General ledger and bank reconciliation oversight
  - b. Safety of property
  - c. Cash receipts
  - d. Cash disbursements
  - e. Documentation for travel, lodging, and meals expenses

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on compliance with the Department's *Accounting Guidelines and General Rules* and the Council's internal policies and procedures. 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.

Detailed results of our procedures and findings are described in Appendix "A" to this report.

This report is intended solely for the information and use of the California Department of Food and Agriculture, the Council's board of directors and management of the Council and is not intended to be and should not be used by anyone other than these specified parties.



DAMORE, HAMRIC & SCHNEIDER, INC.  
Certified Public Accountants

March 19, 2014

## Appendix "A"

### California Beef Council Agreed Upon Procedures

#### **Details of Procedures Performed:**

1. In order to review compliance with California Department of Food & Agriculture (CDFA) *Accounting Guidelines and General Rules* and the Council's internal policies and procedures for the period of January 1, 2013 - December 31, 2013:
  - a. We selected 20 transactions from general ledger account 6380 and 6400 – Staff Travel and Meetings for testing. We also selected an additional 20 samples from the general ledger for a total of 40 samples.
  - b. We determined whether the Council was properly reporting employee vehicle use and tax by:
    - i. Ensuring that employees using Council-owned vehicles followed the automobile policy as described in the Council's Operations Manual.
    - ii. Reviewing payroll documents to note reasonableness of any tax payments made.
  - c. We determined whether any inappropriate financial transactions were occurring between the Council and the related entities by:
    - i. Reviewing all financial transactions between the Council and related entities to determine whether they met the requirements under the CDFA *Accounting Guidelines and General Rules*. We then selected transactions for testing, if any.
  - d. We selected 2 out of 2 contracts for review and testing.
2. In order to assess the Council's current internal control structure, we identified key controls of each cycle listed below and as described in the CDFA *Accounting Guidelines and General Rules*, and compared the key controls to the Council's current internal control procedures as documented in the Council's Accounting Policies and Procedures Manual. We also performed a verification of each key control by selecting a sample item to confirm the process.
  - a. General ledger and bank reconciliation oversight
  - b. Safety of property
  - c. Cash receipts
  - d. Cash disbursements
  - e. Travel, lodging, and meals

**Results of Procedures Performed:**

1. Transaction Testing:

a. **Account 6380 & 6400 – Staff Travel and Meetings:**

*Finding:*

We noted one instance in which an employee was reimbursed at the incorrect mileage reimbursement rate. The employee used the mileage reimbursement rate of \$0.53 on his travel expense form. However, per CDFA guidelines, the employee should be reimbursed at the maximum amount allowed by the U.S. Internal Revenue Service.

We also noted two instances in which the expenses did not have sufficient support. A board member noted that he incurred \$17 for parking and tolls in the travel expense form, but did not provide supporting documentation for the expense. Per CDFA guidelines, receipts are required for parking over \$15. Another board member noted that he incurred \$22.95 for meal expenses. The Council's travel expense report stipulates that the person has to provide a receipt for meals over \$25. However, CDFA guidelines require original receipts for any expense over \$15.

We also noted that three instances in which credit card invoices did not have documentation of approval. Per CDFA guidelines, credit card expenses should be reviewed by a designated supervisor or manager and, in the case of expenses incurred by the Executive Director, an officer of the board of directors.

*Recommendations:*

We recommend the Council use the Internal Revenue Service mileage reimbursement rates applicable at the time when travel took place and only reimburse travel expenses if there is supporting documentation accompanying the expense claim form. We also recommend the Council have the Executive Director approval credit card expenses for the staff and have a board member approve credit card expenses incurred by the Executive Director.

**b. Vehicle use and tax:**

*Finding:*

We noted no findings in relation to vehicle use and tax. We noted they were made in line with the *C DFA Accounting Guidelines and General Rules*.

**c. Financial transactions between entities:**

*Finding:*

There were no financial transactions between related entities noted.

**d. Contracts:**

*Finding:* No findings noted.

**2. Internal Control Findings and Recommendations:**

**a. General ledger and bank reconciliation oversight:**

*Finding:* No findings noted.

**b. Safety of property:**

*Finding:* No findings noted.

c. **Cash receipts:**

*Finding:* No findings noted.

d. **Cash disbursements:**

See 1. a. Staff Travel and Meetings

e. **Documentation for staff travel and meeting expenses:**

See 1. a. Staff Travel and Meetings

f. **Contracts:**

*Finding:* No findings noted.