

QSSB

OUR **SOY** CHECKOFF



QSSB MANUAL *August 2017*

CONTENTS:

QSSB Manual	4
Election of the United Soybean Board of Directors	6
QSSB Annual Financial Statement Content Guidelines	8
Checkoff Collections Compliance	16
Administrative & Management Guidelines	28
Marketing Plans and Budgets	44
Policies and Procedures	46
QSSB Compliance	48
QSSB Refund Request	52
Organic Soybean Certification Procedure	56
Appendix	

AUGUST 2017

Only the most recent version of this document is to be referenced. All previous versions are superseded by the most recent version. For the date of the most recent update and the link to the downloadable version, please go to www.unitedsoybean.org



CONTENTS:

QSSB Manual	4
Purpose	4
Terminology	5
Election of the United Soybean Board of Directors	6
Nomination Procedure Board of Directors	7
Election Procedure Board of Directors	7
QSSB Annual Financial Statement Content Guidelines	8
Statement Submission Requirements	13
Checkoff Collections Compliance	16
Internal Controls	17
Collecting and Remitting Assesments	18
Administrative and Management Guidelines	28
Labor and Overhead	29
Travel Reimbursement	31
Contract Compliance	31
Program Expenditures	32
Segregation of Duties	32
Documentation	34
Cash Receipt Controls	35
Cash Disbursements	35
QSSB Cash Control Example	36
Purchase of Property/Endowments	41
Endowments	42
Marketing Plans and Budgets	44
Policies and Procedures	46
QSSB Compliance	48
General	49
Conducting Compliance Reviews	49
Reporting	50
Resolution	50
QSSB Refund Request	52
Organic Soybean Certification Procedure	56
Organic Soybean Exemption Request Process	57
Appendix	

QSSB MANUAL PURPOSE

This QSSB manual is designed to provide guidance to Qualified State Soybean Boards (QSSBs) on compliance with the Soybean Promotion, Research, and Consumer Information Act (Act), the Soybean Promotion and Research Order (Order) and the United States Department of Agriculture (USDA) Guidelines for AMS Oversight of Commodity Research and Promotion Programs (Guidelines). It is the purpose of this document to establish guidelines and provide additional detail and instructions to be followed in the administration of QSSBs' activities and programs. This document is not inclusive of all compliance requirements included in the Act, Order, or Guidelines.

This document includes the following:

- + Specific instructions for QSSB compliance
- + Guidelines to assist the QSSB
- + Requirements per AMS, USDA and USB



QSSB MANUAL TERMINOLOGY

USB	United Soybean Board as an organization.
CHAIR	The United Soybean Board Chair.
DIRECTOR(S)	The United Soybean Board Directors.
OFFICER(S)	The United Soybean Board Officers including the Chair, Vice Chair, Secretary and Treasurer.
EXECUTIVE COMMITTEE	United Soybean Board Executive Committee.
ACTION TEAM	The teams assigned to manage the soybean promotion from a project level.
TARGET AREA	The three teams assigned to lead the strategies of the long-range strategic plan.
THE ACT	The Soybean Promotion, Research, and Consumer Information Act.
THE ORDER	Soybean Promotion and Research Order.
USDA	United States Department of Agriculture.
ONE-BOARD STRUCTURE	A state board when at least two of the following are controlled by one board: QSSB, membership/legislative association, or other commodity (e.g., corn) organization. For example, IA, IL, IN, NC, NY.



ELECTION OF THE UNITED SOYBEAN BOARD DIRECTORS



NOMINATION PROCEDURE - BOARD DIRECTORS

The United Soybean Board (USB) shall be comprised of soybean producers appointed by the Secretary of Agriculture in accordance with Sec. 1220.203 and 1220.204 of the Order. A producer may only be nominated by the state or unit in which that producer is a resident or producer.

All appointments to USB are for a term of three (3) years, unless the appointment is to fill out an unexpired term of a departing Director. Each year, usually in April, the AMS-USDA will notify those states or units of any seats to be filled and ask for nominations. The USDA requires at least two (2) nominees for each vacancy on the Board. Nominations may be submitted in order of preference. Nominations are made by the QSSB in the state or region, and only one such organization may be authorized per state or region.

ELECTION PROCEDURE - BOARD DIRECTORS

Board Nomination Forms, including the Nominee Background Form and Nominee's Agreement, are available via the website provided below in order to open and print the forms in PDF format.

www.ams.usda.gov/rules-regulations/research-promotion/soybean



QSSB ANNUAL FINANCIAL STATEMENT CONTENT GUIDELINES



CONTENT OF AUDITED FINANCIAL STATEMENTS

The requirement for submission of audited financial statements (statements) is specified in Section 1220.228(a)(1)(vii) and 1220.228(b)(7) of the Soybean Promotion and Research Order (Order). These sections state that the QSSB will “furnish the Board with an annual report by a certified public accountant or an authorized state agency of all funds remitted to such Board pursuant to this subpart.” AMS policy requires that the “QSSB annual financial audits must be performed by a certified public accountant or an authorized state agency and must certify whether or not (1) funds were used for lobbying, (2) the AMS investment policy was adhered to, and (3) internal controls over funds met accounting standards.” (Policy letter from AMS to USB dated February 3, 1993).

In those states where the checkoff funds are collected and disbursed by a state agency, some or all of the auditing requirements may be met by the state agency auditing requirements. USB will accept annual reports by an authorized state agency in lieu of an audited report by a CPA from QSSBs, provided that such annual reports by an authorized state agency fulfill the reporting requirements in this section of the QSSB Manual. QSSBs should check with the USB office to respond to any questions in this regard.

The statements for the QSSBs may be prepared on the accrual basis of accounting or some other comprehensive basis of accounting which must be disclosed in the notes to the statements. The title headings used for each of the basic statements will depend upon the QSSB’s legal or governmental requirements. The basic statements should include:

1. Statement of Financial Position or equivalent
2. Statement of Activities or equivalent
3. Statement of Cash Flows if necessary
4. Notes to the Financial Statements and Supplemental Information

The Notes to the Financial Statements are a required part of the statements, since they provide additional detail and further explanation concerning the statements. The statements for many QSSBs also include supplemental statements, schedules or exhibits that provide further detail on line items included in the basic statements. Therefore, in the interest of complete and uniform reporting, the statements or schedules should include the following disclosures:

- A.** Cash balances
- B.** Investments held
- C.** Schedule of Contracts/Grants in Process—description, funds committed, funds expended, remaining balance in detail. See Appendix H for the Schedule Contracts/Grants in Process template.
- D.** Schedule of Activities – Actual to Budget and Comparative per statements. See Appendix I for the Schedule of Activities template.

FORMAT: PRESENTATION OF REVENUE

QSSBs are required to spend assessment revenues in accordance with the Soybean Promotion, Research, and Consumer Information Act of 1990 (Act) and the Order. The USDA has stated that funds collected under the Act, including interest on investments and revenues from activities or projects financed with such assessments, may only be used for purposes authorized by the Act, which are detailed in Section 1220.230 of the Order. The purposes are:

- Promotion – defined in Sec. 1220.121
- Research – defined in Sec. 1220.125
- Consumer Information – defined in Sec. 1220.105
- Industry Information – defined in Sec. 1220.112



- Producer Communication – provided for in Sec. 1220.212(i) of the Order and meaning information to be provided to producers in the state on the programs or projects carried out and the utilization of assessment revenues.
- Administration – expenses incurred by the QSSB for its maintenance and to enable it to exercise its powers and perform its duties. USDA has stated that QSSBs are not subject to the 5 percent of projected assessment revenues limitation for Administration expenses imposed on USB.

The QSSB should ensure statements are formatted in a manner which shows the assessment revenues collected by the QSSB during the period and how such revenues were utilized. In order to provide consistency in the presentation of assessment revenues collected, the information below is required either in the Statement of Activities or in the Notes.

- Assessment Revenues Collected From First Purchasers
- Assessment Revenues Collected From Other QSSBs
- Less Collection Fees Prescribed by State Law Prior to 11/30/90
- Less Assessment Revenues Remitted to Other QSSBs
- Less Assessment Revenues Remitted to USB
- Net Assessment Revenues

Sufficient detail on the type and nature of checkoff program and administration expenses to meet disclosure requirements should be provided in the Notes and in a supplemental statement to the statements, as appropriate.

SUPPLEMENTAL INFORMATION - NEGATIVE ASSURANCE STATEMENT FROM AUDITOR

In addition to the independent auditor's report on the statements, USDA has requested that the CPA or authorized state agency be asked to provide two statements of negative assurance; 1) that, pending disbursement pursuant to a plan or project, funds collected through assessments authorized under Section 1220.223 of the Order are invested in accordance with USDA guidance as provided in USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs (Refer to Appendix A for AMS Directive 2210.2), and 2) that funds collected and invested by the QSSB were used for those purposes provided for in the Act and Order and were not used for any purposes described in Section 1220.228(a)(1)(ix)(A) of the Order.

AICPA Audit Update (AU) #623, paragraph 19 – Compliance With Aspects of Contractual Agreements or Regulatory Requirements Related to Audited Financial Statements sets forth the standards that should be used to comply with the USDA request. AU #623 states that this negative assurance may be given in a separate report or in one or more paragraphs of the independent auditor's report. Refer to Appendix B for Financial Statement Audit Examples.



STATEMENT SUBMISSION REQUIREMENTS

QSSBs are required to submit audited statements to USB annually.

1. **Due Date:** Statements that comply with reporting guidelines are to be sent to USB within one-hundred and twenty (120) days of the end of the QSSB's fiscal year.
2. **Extensions:** A QSSB can request an extension by writing USB before the 120-day period expires.
3. **USB Acknowledgment:** USB to acknowledge in writing the receipt of the statements from a QSSB within seven (7) business days after receiving the report. Statements will be reviewed by USB staff finance upon receipt.
4. **Notification that the Statements Meet Compliance Guidelines:** USB to notify in writing to the QSSB executive by the ninety-first (91) day after submission whether the statements are in compliance and followed QSSB guidelines. If there are exceptions, USB will identify the specific reason(s) in writing to the QSSB.
5. **Audit Exceptions:** To the extent practicable, issues will be resolved informally between USB and QSSB staff. Matters that require additional consideration will be presented to the A&E Committee for resolution.

In the unlikely event that adequate resolution to audit exception(s) is not demonstrated by the QSSB in a timely manner, USB is required to submit the matter to USDA for notification of noncompliance.

If a QSSB's audited statements are not received by USB on or before the 120-day deadline, USB finance staff will initiate the following actions:

Letter to QSSB Staff

- USB will notify the QSSB in writing the statements has not been received
- QSSB will have 30 calendar days to respond or submit the statements
- If necessary, USB and QSSB staff can develop a plan to resolve the matter and submit to A&E Committee chair for consideration



Letter to QSSB Chair

- If no response from QSSB within the 30-day grace period, USB will notify the QSSB chair in writing (cc'ing QSSB executive & USB Directors from that state)
- QSSB will have 30 calendar days to respond
- If necessary, USB and QSSB staff can develop a plan to resolve the matter and submit to A&E Committee chair for consideration



USB Action

- If no response from QSSB after two written communications from USB, the QSSB will become subject to an audit by an independent CPA, arranged for by USB, but paid for by the QSSB
- The A&E Committee will consider next steps, including an independent audit of the QSSB
- USDA will be notified of the actions taken





CHECKOFF COLLECTIONS COMPLIANCE



The following USB requirements should be followed by QSSBs to ensure checkoff collections compliance with the Act, Order, and USDA Guidelines.

INTERNAL CONTROLS

As Directors are trustees with a fiduciary responsibility, there should be adequate Director involvement. There should be procedures in place for Director approval, knowledge and review of any major spending. Directors should be provided with financial statements and other appropriate management reports. A report matching expenditures and approved budget(s) is recommended, with the understanding that expenditures may fall in a year subsequent to the year of approval and the report may span two or more years.

Cash controls should include: Separation of receipt, deposit and disbursement duties; reconciliation by individual other than an authorized signer on account and review by supervisor/executive; officer involvement in accounting functions when separation of duties cannot be maintained by staff (approving invoices and expense reports, signing checks, depositing receipts and making investments); officer review of disbursements, expense reports, invoices and receipts at least quarterly.

Fixed asset controls should exist for office equipment and furniture funded fully or partially by checkoff funds. The QSSB should retain title to any fixed assets and maintain a listing of all fixed assets. Assets may be disposed of by sale at fair market value (or donation if zero market value). Funding of equipment for research projects is strongly discouraged; however, it may be done under certain guidelines.

Refer to section Administrative & Management Guidelines for further discussion of suggested internal controls procedures.

COLLECTING AND REMITTING ASSESSMENTS

USDA has determined that all funds are collected under the authority of the national checkoff legislation and, therefore, subject to the same federal regulations. Accounting records supporting all collection transmittals should be maintained by all parties. The current checkoff rate is 0.5 percent or .005 (one-half of one percent); 50 cents for every \$100 of sales of the net market price per bushel after moisture and quality discounts or premiums; but before any deductions for storage, handling, trucking or other services.

When Remittances Are Due:

1. Remittances from the First Purchaser to the QSSB: The soybean checkoff assessment is due to the QSSB by the last day of the month following the month or the end of the quarter in which the soybeans were marketed.
2. Remittances to USB: Remittances to USB are due by the last day of the month, following the month/quarter in which the assessment was remitted to the QSSB. Accounting records should be maintained to provide all information required for collection transmittals to others. Remittances to USB are due in the month following the collection month. For quarterly collecting states, remittances should be made by the end of the second month following the quarter end.
3. Remittances to another QSSB: When remitting to another QSSB, the timeline for remittance is by the last day of the month following the month/quarter in which the assessment was remitted. QSSBs remitting assessments to other QSSBs pursuant to the “state of origin” provision must provide sufficient documentation to show the number of bushels assessed, when assessments were due and when they were paid.



Monthly Remitting States and Remittance Schedule: Arkansas, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Mississippi, North Carolina, Tennessee, Wisconsin

First Purchaser if Sale Occurred in:	QSSB Remittance Postmarked by:	Due to USB or other QSSB by:
JANUARY	February 28	March 31
FEBRUARY	March 31	April 30
MARCH	April 30	May 31
APRIL	May 31	June 30
MAY	June 30	July 31
JUNE	July 31	August 31
JULY	August 31	September 30
AUGUST	September 30	October 31
SEPTEMBER	October 31	November 30
OCTOBER	November 30	December 31
NOVEMBER	December 31	January 31
DECEMBER	January 31	February 28

Quarterly Remitting States and Remittance Schedule: Alabama, Delaware, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, North Dakota, Nebraska, New Jersey, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Texas, Virginia, Eastern Region, Western Region

First Purchaser if Sale Occurred in:	QSSB Remittance Postmarked by:	Due to USB or other QSSB by:
JANUARY	April 30	May 31
FEBRUARY		
MARCH		
APRIL	July 31	August 31
MAY		
JUNE		
JULY	October 31	November 30
AUGUST		
SEPTEMBER		
OCTOBER	January 31	February 28
NOVEMBER		
DECEMBER		



TRANSMITTAL OF REMITTANCES

Three types of transmittal forms are used for the remittance of collections:

1. LS-46 (Refer to USDA AMS USB website under Forms for the most recent form).
2. QSSB to QSSB Funds Transmittal Form (See Appendix E)
3. QSSB to USB Funds Transmittal Form (See Appendix F)

When completing the QSSB to QSSB Funds Transmittal Form, attach the LS-46 form pertaining to funds being transferred to the other QSSB. The remitting QSSB should identify the portion of collection fees that have been deducted (e.g., state agency deduction). These fees should be included as part of the collection costs for the out-of-state QSSB when preparing their transmittal to USB.

When completing the QSSB to USB Funds Transmittal Form, the QSSB should include out-of-state transfers within their state collections. This should be the gross amount of all the soybean sales for the state. Out-of-state collection fees transferred from another QSSB should be included with the QSSB collection costs.

Also, when completing the QSSB to USB Funds Transmittal Form, the QSSB should include the number of bushels the remittance form represents. If it is impossible to give an exact figure, estimate the number and so indicate it on the Transmittal Form.

REPORT/REMITTANCE

A QSSB should maintain a control listing of all first purchasers or potential first purchasers. This list should be periodically updated with new information. Often, the state Department of Agriculture is the best source of updates on grain elevators, but should not be considered the only source of new information. The QSSB should also monitor for and follow up on any missed Transmittal Forms either by telephone or mail. It is not necessary for small purchasers to remit blank Transmittal Forms if they did not purchase soybeans. However, it is recommended that the first purchaser notify the

QSSB that they probably will not purchase soybeans in the upcoming month or quarter so as to avoid a delinquency letter.

Accounting records should be maintained to provide all information required for collection transmittals to others. Remittances to USB and other states of origin are due in the month following the collection month. For quarterly collecting states, remittances should be made 60 days following the end of the quarter. Late quarterly remittances from first purchasers may be added to the next quarterly payment.

DOCUMENTING SECOND PURCHASES

When a first purchaser buys soybeans from another entity and the initial first purchaser has already collected the checkoff, this is referred to as a second purchase and must be documented. Documenting this transaction creates a control so the checkoff is not collected twice. To document the second purchase, the LS-48 Statement of Certification of Non-Producer Status form is used. Once the LS-48 is completed and signed, both parties keep a copy. The most recent version of this form can be found by visiting the USDA AMS USB website under Forms.

LATE FEES

*NOTE: Only USDA has the authority to waive any late fees and/or penalties. USB may submit a recommendation to USDA but USB does not have the authority to waive any fees and/or penalties.

All first purchasers are required to remit assessments by the last day of the month or quarter following the month the soybeans were marketed. The QSSBs are required to remit assessments to USB or another QSSB by the last day of the month, following the month/quarter in which the assessment was remitted to the QSSB.

A late fee should be assessed in the following circumstances:



- If a first purchaser fails to remit assessments to a QSSB according to the remittance schedule as outlined in the soybean checkoff legislation, they will be subject to a 2 percent late fee as imposed in the Order. Also, first purchasers who do not collect the assessments or producers who do not pay will be in violation and subject to a civil penalty of not more than \$1,100 for each violation and an additional penalty for willful failure to pay equal to the amount of such assessment under the Soybean Promotion, Research, and Consumer Information Act codified at 7 U.S.C. 6307(c). Civil penalty for failure to obey a cease and desist order under the Soybean Promotion, Research, and Consumer Information Act, codified at 7 U.S.C. 6307(e), has a maximum of \$7,500 for each offense.
- Likewise, if a QSSB does not remit assessments to another QSSB pursuant to the “state of origin” provision or to the United Soybean Board according to the remittance schedule, the collecting QSSB will be assessed a 2 percent late fee each month beginning with the day following the date such assessments were due.
- Note that if assessments are remitted late by a first purchaser but remitted within a timely fashion by the QSSB, the remitting QSSB will not be subject to imposition of the late fees. However, if the QSSB does not remit assessments within a timely fashion to the other QSSB (even if the remitting QSSB received the assessments late from the collecting person), the late fees will be imposed.

When a first purchaser collects checkoff fees but fails to remit, or a first purchaser fails to collect the checkoff fees, the USB requests a QSSB to exhaust all efforts to collect outstanding assessments – including any applicable late payment charges from the noncompliant entity – before involving the USB or the USDA. The USDA has recommended steps to follow – See Appendix D.

The U.S. Office of General Council (OGC) has approved a settlement agreement as a tool to assist QSSBs in collecting checkoff and late fees. OGC usually needs to approve each settlement agreement before it is signed by the QSSB and noncompliant party in order for OGC to be involved in the enforcement process. USB requests that QSSBs work with USB to facilitate this process with USDA. In order to obtain the sample settlement agreement, QSSBs should contact USB.

LATE FEE WAIVERS

As stated above, late fees and/or penalties cannot be waived by a QSSB or by USB. Late fees and/or penalties can only be waived by the USDA. The 2 percent penalty continues to compound monthly until paid in full. Upon submission of all assessments, late fee waivers may be requested by the first purchaser or QSSB through the steps noted below.

USB may submit a request for a waiver of late fees on behalf of the QSSB or on behalf of the first purchaser; however, the submission of a request does not guarantee approval of the waiver. The late fee waiver request is subject to review by the USDA Office of General Counsel.

Listed below are the steps required for a QSSB to request a waiver of late fees:

1. The QSSB requests in writing late fee waiver to USB after all assessments are paid.
2. USB will validate documentation and review all submitted documentation for eligibility.
3. USB will submit request for waiver to USDA if determined eligible.
4. USDA will approve in writing the late fee waiver.
5. If a late fee waiver is not approved by USDA, all late fees will be remitted by the QSSB.

Listed below are the steps required for a First Purchaser to request a waiver of late fees:

1. The first purchaser requests in writing late fee waiver to the QSSB after all assessments are paid.
2. QSSB validates documentation.
3. QSSB requests in writing to USB on behalf of the first purchaser.
4. USB will review all submitted documentation for eligibility.
5. USB will submit request for waiver to USDA if determined eligible.



6. USDA will approve in writing the late fee waiver.
7. If a late fee waiver is not approved by USDA, all late fees will be remitted by the first purchaser.

USDA-required documents to determine eligibility with the waiver request include:

- Amount of the late fee.
- Amount of the assessment.
- Compelling reason why the assessment was submitted late.
- Assurance of compliance moving forward as well as evidence of strengthened internal controls to eliminate the risk of late remittance.

FIRST PURCHASER COMPLIANCE

A first purchaser who purchases seed beans pursuant to a contract with a producer, either on a volume basis or on a per-acre basis, shall be responsible for remitting the assessment due on soybeans purchased. If the net market price is not specified or established in the contract, the assessment shall be based on the posted county price for soybeans on the date of the sale as posted at the local Farm Service Agency (FSA) office for the county in which the soybeans are grown.

“Edible” soybeans grown under contract are also to be checked off. The Act defines soybeans as “all varieties of *Glycine max* or *Gycine soya*.”

When a first purchaser is involved with minimum pricing contracts, the checkoff is to be collected on the market value of the soybeans at the time the first purchaser buys them.

The Commodity Credit Corporation will not be considered a first purchaser except in what is anticipated to be a few unique situations where a farmer forfeits soybeans to the government under the soybean marketing loan program. Therefore, QSSBs should notify all first purchasers to deduct the checkoff.

USB policy does not allow for first purchasers to be reimbursed for any expenses that may be incurred for collecting the checkoff. USB recommends that QSSBs also not reimburse the first purchaser for any of these expenses. However, QSSBs have the right to reimburse first purchasers for software changes if they choose to do so. This expense will be applied to the administrative expenses of the QSSB.

If a trucker takes possession of the soybeans and actually pays the producer, the trucker becomes the first purchaser and is required to deduct the checkoff.

First purchasers are responsible for maintaining a list of producers who have been granted an organic exemption from the soybean checkoff.

First purchasers must keep all records pertaining to the purchase of soybeans for three years (two years beyond the fiscal period of their applicability, Section 1220.242 of the Order). Retained records may be requested by the QSSBs in order to periodically audit first purchaser compliance.

FIRST PURCHASER AUDITS

Each QSSB should have a plan for audits of first purchasers for compliance with the soybean checkoff. First purchasers must keep all records pertaining to the purchase of soybeans for three years (two (2) years beyond the fiscal period of their applicability, Section 1220.242 of the Order). Audits may be performed by state agency auditors, independent CPAs or other qualified entities/persons with the appropriate knowledge and experience. USB recommends that the plan cover all first purchasers within a period of not more than seven years.

Examples of first purchaser audit procedures include but are not limited to the following:

- On random basis and based on the appropriate sample population, trace numerous purchases from settlement sheets through the accounting system (e.g. G/L, check register, purchase journal, etc).



- Test for state-of-origin purchases.
- Test for documentation of second purchases not subject to assessment.
- Review procedures for handling of Commodity Credit Corporation transactions.
- Verify assessment is calculated correctly.
- Verify assessment amounts are reported on producer settlement sheets.
- Compared purchases in terms of total bushels to the amounts remitted.
- Trace transactions from accounting system to reports and payments made to QSSB.

The QSSB shall bill and collect any assessment underpayments discovered under audit and the relative late charges.



ADMINISTRATIVE & MANAGEMENT GUIDELINES



Administrative and management requirements will vary according to office/staff size and budget. Controls must be designed to adequately protect the organization's assets and compliance requirements. However, whenever the cost (including time cost) of procedures established exceed the overall control benefit, alternative procedures should be considered. Some suggestions in designing your controls follow.

LABOR AND OVERHEAD

All identifiable project/program costs should be charged to the respective project budgets/funding. QSSB employees (or prime contractor staff) should maintain timesheets with sufficient detail to record labor costs to programs or administration. Leave time used should also be recorded. In cases when salaried employees are working over standard weekly hours, labor costs should be prorated to a percentage of the standard pay based on total hours per activity. Timesheets should be reviewed and show evidence of approval by a supervisor or the executive.

Labor and Overhead Reconciliation

A QSSB that funds its management and program contractor (the Contractor) during the year based upon estimated budget rather than actual invoices should make reconciliation to actual labor and overhead costs after year end. Any difference between actual costs and amounts paid should be refunded or reimbursed.

Labor Allocation

A standard method of allocation of actual labor costs is to look at hours directly related to checkoff programs, administration and hours directly related to the Contractor's activities (for state Soybean Associations or "One Board Structures," this would be membership activities, legislative activities, other commodities, etc.). Any general administrative time may then be allocated between the QSSB contract and the contractor's own activities based on the percentage of total direct time spent on the QSSB contract and the Contractor activities.

Labor costs include wages and salaries, payroll taxes, employee insurance, pension plans and other benefits. It should be noted that in QSSBs, with large staff and volume, employee rates may vary significantly and actual direct costs by employee should be considered (rather than by hours only).

Overhead Allocation

General overhead costs can be allocated by the direct labor percentages calculated. Overhead costs include:

GENREAL OVERHEAD	DIRECT OVERHEAD
Office Rent/Lease	Association Director Insurance
Utilities	Identifiable Charges
Office Insurance	Long-Distance
Telephone Basic Charges	Direct Postage
Postage	Direct Copying Costs
Copying Costs	Supplies for Projects
Office Supplies	Direct Equipment Costs
Equipment Leases	Travel Costs
Contractor Audit Fees	---

* Provided Audit Report is required by and shared with the QSSB.



TRAVEL REIMBURSEMENT

The QSSB is required to have and follow written expense reimbursement policies for staff and Directors. Policies should include description of unallowable expenditures such as liquor at open bars and spouse travel expenses. If applicable, submission time limits should be stated. Documentation with receipts over \$25 (twenty-five dollars) are required by USDA. The expense report should indicate the purpose of any travel and documentation of approval to travel where applicable. The requester should be required to sign the expense report, and all reports should be reviewed for accuracy and documentation and bear evidence of approval by a supervisor (executive staff expense reports should be reviewed by the Board Treasurer or other officer).

CONTRACT COMPLIANCE

A QSSB should create a contract, agreement or memorandum of understanding with any party it funds with checkoff dollars for research, promotional and educational programs; producer communications; and/or general program management and administration. The following items should be included in the agreement:

Normal provisions: Amount of funding (by specific project, if applicable), term of agreement and signatures of both parties.

Termination provisions: Notice required for termination of financial responsibility. For example: 60 (sixty) days' notice by either party.

Reporting requirements: Project reports, interim (verbal/written) and final written report. Final financial reporting, including provision of unused funding. Generally, USB recommends that any unused funding be returned to the QSSB for future allocation.

Rights of ownership of project results, intellectual property or inventions.

Retention of records: Contractor should be required to keep financial records and make such records available to the QSSB for inspection or audit.

When the QSSB pays according to a payment schedule, a final financial audit should be required. It is recommended that the final payment or a portion be retained until satisfactory completion of the project is documented. The QSSB should have procedures for auditing contractors at the Board's discretion.

QSSBs should work in conjunction with all appropriate parties, including potential legal counsel, when entering into a contractual arrangement. For various contract templates, QSSBs can contact USB to determine if there is a contract template available for use.

PROGRAM EXPENDITURES

All expenditures must comply with the Act and the Order, which describes certain unallowable expenditures, including lobbying or influencing governments.

Program documentation should include proposals, agreements, correspondence and contractor activity, progress and final reports, and financial reports. Follow the guidelines on document retention as described in the Internal Controls section of this document. Proposals not accepted should be kept on file, especially to document competitive bids, when applicable.

SEGREGATION OF DUTIES

Segregation of duties is the first step toward installing financial controls. Such procedures provide checks and balances to catch material errors in the routine flow of financial activity and reduce the possibility of employee dishonesty. Even with a small staff some segregation can be achieved. Samples of duty segregation for two- and three-person offices may be found at the end of this attachment.

The Board should be covered for employee dishonesty with insurance or have its employees bonded. Employees in positions of trust should be required to take vacations, during which time their duties are performed by other personnel.



Adequate insurance should be maintained including employee dishonesty insurance and liability for Director actions.

QSSB SEGREGATION

Below is an example of segregation of duties:

BOOKKEEPER	BUSINESS MANAGER	CHIEF STAFF MEMBER
Posts receipts	Opens mail + prepares receipt log	Prepares deposit slips
Reconciles bank statements	Reviews checkoff receipts for compliance	Custody of cash + other assets
Reconciles petty cash	Reviews invoices + code + approve	Performs interfund transfers
Prepares checks	Mails Checks	Signs Checks + Employee Contacts
Writes checks	Distributes Payroll	Approves employee time sheets
Posts general ledger	Authorizes purchase orders	Reviews financial stmts + reports

BUSINESS MANAGER	CHIEF STAFF MEMBER
Opens mail + receives cash + makes listing	Prepares deposit slips
Prepares receipts + reviews for compliance	Signs any compliance correspondence required
Reviews invoices for accuracy + coding	Custody of liquid assets
Writes checks	Reconciles petty cash
Mails Checks	Approves invoices + employee time sheets
Posts general ledger	Signs checks
Reconciles bank statmenets	Reviews and approves bank reconciliations
Preps payroll or reports for outside servcie	Reviews general ledger + F/S monthly

DOCUMENTATION

Minutes of meetings of the Directors of the Board should be maintained including approved budget summaries and any attachments referenced. Approved minutes, budgets and attachments should be signed by an officer and maintained in the QSSB office according to their record retention policy.

Documentation of authorization includes minutes of Board meetings, approved budgets, contractual agreements, contractor reports, published documents (including newsletters and brochures) and a policies manual.

If there are provisions for a USB project, QSSBs should utilize the QSSB Provisions for USB Projects form. Refer to Appendix C for form.



CASH RECEIPT CONTROLS

Receipts in the mail should be recorded by an employee without deposit duties or access to check signing. Receipts listings should be compared with deposits reported on the account statement by an employee not involved with either function. USB and QSSBs have added control by using bank lockbox services whereby receipts are sent to a box for the Board and opened and deposited directly by bank employees with copies of daily deposit information sent to the Board office.

Cash receipts should be deposited on a daily basis. There should be adequate physical control (security) over receipts from the time of opening the mail until the funds are deposited. Checks should be restrictively endorsed “for deposit only” by the individuals who open the mail. Bank account statements should be reconciled by an employee who has not been solely involved in depositing receipts and signing checks.

Executives and Directors should review collection figures and any variances with the budget or expected collections. Whenever “slippage” is suspected, possible reasons should be investigated.

CASH DISBURSEMENTS

All cash disbursements should be in accordance with Board-approved budgets and contracts. Payments and invoices should be reviewed and show signs of approval by designated staff, the Executive Director and/or Board Officer(s). Check preparation, signing and bank-account reconciliation should not be done by the same individual. Requiring the Board Treasurer or Chair to sign or countersign checks over a certain limit is also an effective control.

Payroll controls should include time sheets that are reviewed by a supervisor or the Executive Director. All timesheets and expense reports should bear the approval initials or signature of an authorized person. Executive Director time sheets and expense reports should be reviewed and initialed by the Board Treasurer or Officers.

Investments and investment liquidations should also have approval controls.

Investment liquidations should be direct-deposited into the Board's operating account whenever possible.

Useful checklists on Cash and Computer Controls may be found on the following pages.

QSSB CASH CONTROL EXAMPLE

CASH (Balance, Receipts and Disbursements)

Company _____

Balance Sheet Date: _____

Control Objective:

1. Cash receipts recorded accurately as to account, amount and period.
2. Cash disbursements are recorded accurately as to account and period.
3. Cash disbursements are made for authorized and received goods and services.

SEPARATION OF INCOMPATIBLE DUTIES AND RESTRICTED ACCESS				
QUESTIONS	YES	NO	N/A	COMMENTS
1a. Are checks signed when needed (that is, not signed in advance)?				
1b. Is counter-signature required for amounts over a predetermined cutoff?				
1c. Are checks not returned to the preparer after signing?				
1d. If mechanical check signers and signature plates are used, are they kept under the control of the owner/manager or a responsible person who is independent of the initiator of purchases, approver of purchases, receiving, shipping, preparer of checks, cash receipts, accounts payable and cash bookkeeping?				



CONTINUED				
QUESTIONS	YES	NO	N/A	COMMENTS
2. Is check signing independent of the initiator of purchases, approver of purchases, receiving, shipping, preparer of checks, cash receipts, accounts payable and cash bookkeeping?				
3. Is mail opened and a list of daily receipts prepared independent of the cashier and accounts receivable bookkeeper?				
4. Are cash receipts deposited intact and promptly or stored in a secure location?				
5. Are cash funds on hand stored in a secure location and kept independent of mail receipts?				
6. Are complaints on customer statements investigated by an employee who is independent of the preparer of the daily cash receipts list, cashier and accounts receivable bookkeeper?				
7. Is handling cash independent of originating non-cash credits to accounts receivable and accounts receivable bookkeeper?				
8. Are bank accounts and check signers authorized by the Board of Directors or owner/manager?				
9. Is adequate employee fidelity bond insurance maintained?				
10. Does the company use a lockbox?				
11. Are checks payable to cash prohibited?				
12. Are there adequate controls over non-check disbursements such as debit memos and wire transfers (for example, passwords for individuals authorized to make transfers, bank callback verifications for telephone transfers exceeding a predetermined dollar amount, etc.)?				

CONTINUED				
QUESTIONS	YES	NO	N/A	COMMENTS
13. Are employees with cash disbursement and bank reconciliation duties required to take vacations, and are other employees required to perform those functions when an employee is absent?				
14. Is access to computerized cash receipts and disbursements records limited to those with a logical need for such access?				
15a. Are checks prenumbered, is the sequence accounted for and are unissued checks controlled?				
15b. Is the list of daily cash receipts used in reconciliation?				
15c. Are purchasing documents (purchase order, receiving reports etc.) prenumbered, is the sequence accounted for and are unissued forms controlled?				
15d. Are voided documents canceled and retained?				
16a. Are bank accounts reconciled regularly by a person who is independent of the cash receipts and disbursements functions?				
16b. Are bank reconciliations reviewed by the owner/manager or another appropriate person?				
16c. Are state checks followed up on periodically by a person who is independent of the accounts payable and cash disbursements functions?				



CONTINUED				
QUESTIONS	YES	NO	N/A	COMMENTS
16d. Is the list of daily cash receipts compared to postings to customer accounts and deposits by a person independent of the cash receipts and accounts receivable functions?				
16e. Are cash disbursement records matched against accounts payable/open invoice files?				
16f. Does the owner/manager or another responsible person periodically compare actual cash receipts and disbursement to budgeted cash receipts and disbursements?				
16g. Does that person follow up on significant variances?				
17a. Are checks prepared only after proper matching of supporting documentation (vendors invoice, receiving report, purchase order, etc.)?				
17b. Is supporting documentation canceled when the check is prepared and marked with the check number?				
17c. Is the clerical accuracy of disbursements checked?				
17d. Does the check signer review all supporting documentation?				
17e. Are restricted endorsements (e.g., for deposit only) placed on check remittances upon receipt?				
17f. Is the control total of receipts prepared and subsequently compared to the deposited slip and/or cash receipt entries?				
17g. Are checks promptly and accurately recorded upon issuance?				

CONTINUED				
QUESTIONS	YES	NO	N/A	COMMENTS
17h. Is a corporate imprest payroll bank account utilized?				
17i. Are cash receipts and disbursements periodically reviewed by the owner/manager or other appropriate person?				
17j. Are adjustments of cash accounts approved by the owner/manager or other appropriate person?				
17k. Are there adequate procedures for approving and recording inter-bank transfers?				
17l. Is a mechanical check protector used to inscribe checks so that alteration of amounts or payees might be more easily detected?				
18a. Are prenumbered receipts or cash registers effectively utilized and controlled?				
18b. Are the following functions performed by a person other than a cash register operator (cashier): 1. Maintaining custody of the key to the cash register tape compartment? 2. Taking periodic readings of the register and comparing the readings with the contents of the cash register?				



PURCHASE OF PROPERTY + ENDOWMENTS

The Act and Order require that property purchased with Board funds remain the property of USB or QSSBs. This includes intellectual property. However, universities may maintain ownership in intellectual property, provided that USB or QSSB maintains certain rights with regard to the intellectual property. These rights include an irrevocable paid-up license to use the information, certain sublicensing or march-in rights to ensure exploitation and a sharing of royalties or other benefits commensurate with the proportional contribution of each party to the research. The USDA Office of General Counsel has approved provisions in research agreements that allow ownership to reside with the universities while retaining for USB or QSSBs licensing interests and a share of royalties. Therefore, USB and QSSB agreements should provide for the following:

- A.** That ownership of inventions be in the name of the funding entity.
- B.** If as a result of discussion with a university, it is determined that ownership must reside in the university for the project to be conducted, then ownership may reside in the university subject to the following.
 - 1.** That the funding entity receive a nonexclusive paid-up license to use and sublicense the invention; or
 - 2.** If the right to sublicense cannot be negotiated, then USB/QSSBs shall have the right to require the university or licensees of the university to issue licenses to eligible parties to ensure exploitation (march-in rights).
- C.** Where USB/QSSBs are providing all funding for a project, any royalty income resulting from the project should be retained by the USB/QSSB, but where funding is provided by another party (including contribution of indirect costs by the university), the agreement shall include a sharing of royalties based upon the pro rata contribution by each party.

USB strongly discourages the funding of equipment. Checkoff funds can be used to

purchase equipment in connection with a specific project where such equipment is necessary to complete the project. However, the USB or QSSB Board must retain ownership of the equipment if it funds 100 percent of the equipment for the duration of the research period. At the conclusion of the research project, the university may be given the first opportunity to purchase the equipment at fair market value. USB policy defines “depreciable capital equipment” as any tangible property with a value of \$2,000.00 or more and a useful life of more than one year. QSSBs may negotiate with a university what the definition of “depreciable capital equipment” is.

ENDOWMENTS

Based upon provisions of the Act and Order that require a “plan or project” and “budgets,” checkoff dollars should generally not be used to fund an endowment. USB does not recommend this type of activity.

However, a QSSB that plans to fund an academic chair at a university should have the following criteria built into the agreement between the QSSB and the university:

- There must be a contract that specifically identifies the purpose of the academic chair to be awarded and its benefit to soybean producers.
- The contract must be renewable on an annual basis, and there must be a required action by the QSSB to authorize the funding of the chair annually.
- The agreement between the QSSB and the university should provide the QSSB with advice and consent with regard to whom is awarded the chair.
- The agreement between the QSSB and university should set out clear objectives and criteria for the activities that will be funded through the chair.
- Within the objectives set out in the agreement, there should be annual deliverables that should be presented clearly in the contract and delivered upon through the academic year.

Academic chairs funded with checkoff dollars will be subject to USB and USDA audits and reviews.





MARKETING PLANS AND BUDGETS



All QSSBs will submit to USB the QSSB's marketing plan for the QSSB's next fiscal year and a corresponding budget for that fiscal year for review by the USB Soybean Checkoff Compliance Staff. This information shall be submitted no later than 45 (forty-five) days after the beginning of the QSSB's fiscal year. Marketing plans will be reviewed for compliance with the Act and the Order upon submission.



POLICIES AND PROCEDURES



While QSSB compliance is mandated for required processes and procedures, QSSBs can develop policies and procedures in addition to compliance regulations to assist in the operations of the QSSB. In Appendix J and Appendix K, there are examples of Code of Conduct and Whistleblower policies for consideration by the QSSBs. In Appendix L and Appendix M, there is a sample Confidentiality Agreement and a sample Conflict of Interest Disclosure Statement for consideration by the QSSBs.

Record Retention

The current USB record retention policy can be found in the USB policy document for reference.

Investment Compliance

USDA-AMS guidance related to investment compliance can be found at the following link: <http://www.ams.usda.gov/amsissuances>.



QSSB COMPLIANCE



GENERAL

In order to meet the oversight responsibilities required by the Act, Order and USDA Guidelines, the A&E Committee will oversee the following procedures:

- Review of each QSSB's annual financial statements by a certified public accountant or authorized state agency.
- Annual compliance testing of approximately five to seven QSSBs, as selected by the A&E Committee performed by the selected contractor of the A&E Committee.

CONDUCTING COMPLIANCE REVIEWS

USB A&E Committee contractors will be established for conducting reviews of QSSBs on a rotating basis, anticipating approximately five to seven reviews per year. For segregation purposes, the QSSB compliance functions have been divided into two functions: Compliance Specialist and Compliance Staff. The Compliance Specialist is responsible for QSSB Compliance Reviews. The Compliance Staff are responsible for educating the QSSB of the compliance requirements throughout the year.

Reviews of a QSSB will be conducted pursuant to one of the following by the Compliance Specialist:

- Five (5) or more years have passed since most recent compliance review.
- QSSBs are identified by recommendation of management and approved by the USB Audit & Evaluation Committee.
- QSSB requests a compliance review.
- Significant QSSB structural change, change in one or more chief staff member.

The Compliance Specialist will be responsible for conducting reviews, which will be comprised of the following elements:

- Electronic submission of requested materials prior to on-site fieldwork.
- On-site compliance review and testing at the QSSB location.

The Compliance Staff will be responsible for education of QSSB processes and procedures throughout the year, including the following elements:

- Review of the QSSB's audited financial statements.
- Review of the upcoming QSSB fiscal year marketing plan and budget.

REPORTING

Reports on compliance reviews will be presented to USB's A&E Committee.

To the extent practicable, issues will be resolved informally between USB and QSSB staff. Issues that cannot be resolved informally will be presented to the A&E Committee for resolution.

USB staff will facilitate communication with the appropriate QSSB representatives, working toward full resolution of compliance review findings.

It is strongly encouraged that QSSB Directors participate in the exit meetings that are performed on the final day of fieldwork for each compliance review.

RESOLUTION

Upon full resolution of all findings and final approval by the A&E Committee, a copy of the final review report will be provided to the QSSB and USDA.





QSSB REFUND REQUEST



QSSB REFUND REQUEST

When a producer requests a checkoff refund, inform them that there is no soybean refund provision in the federal Act or Order; however, if the producer wishes to have his/her state portion (one-quarter of one percent) go to the national organization it will be forwarded to the United Soybean Board for national programs if there is no provision in the producer's State Soybean Statute that prohibits the state portion from going to the national program.

If there is a provision in the State Soybean Statute that prohibits the state portion from going to the national program, then send the producer the "Refund Restriction Letter from the QSSB to Producer" letter. (See Appendix G, Exhibit A for an example of this letter.)

If there is no prohibition in your state for refunds, and the producer wants the state checkoff portion to go to USB, send the producer the "Cover Letter For Producer Refund Request" (Appendix G, Exhibit B), the "Refund Letter from Producer to QSSB" (Appendix G, Exhibit C) form letter and the "Producer Refund Procedures" (Appendix G, Exhibit D).

If the producer wants the state checkoff portion to go to USB:

- A.** QSSB should get the request for refund in writing. If a producer needs assistance in creating a letter, a sample (Appendix G, Exhibit C - Refund Letter from Producer to QSSB) is available. You also may use the "Cover Letter For Producer Refund" (Appendix G, Exhibit B) if you wish. If you use this cover letter, be sure to send the "Producer Refund Procedures" (Appendix G, Exhibit D) along with it.
- B.** Once the written request is received, the QSSB sends the "Producer Refund Procedures" to the producer with a note instructing him/her to follow those procedures and return it to the QSSB before the process can take place. Only requests applicable to the QSSB's current fiscal year will be processed.

- C.** Once the refund request is received by the QSSB and all previous steps have been completed then forward the state portion to USB through the normal QSSB to USB transmittal process. Report the amount on “Line J” (OTHER), which is after the calculation of the amount due for the current period. Otherwise there would be a 50 percent reduction in the amount transmitted.
- D.** Send producer acknowledgement letter that the refund has been transmitted to the USB. A sample acknowledgement letter is available in Appendix G, Exhibit E (“Refund Letter from QSSB to Producer”).





ORGANIC SOYBEAN CERTIFICATION PROCEDURE



ORGANIC SOYBEAN EXEMPTION REQUEST PROCESS

In order to be considered for exemption from assessment under research and promotion programs, the producer must produce and market “organic” or “100 percent organic” soybeans and submit to USB a properly completed exemption form, a current Certificate of Conformance, and a list of commodities.

The Process: USB receives all requests and submits the requests to the QSSB for concurrence. The QSSB is requested to reply to USB within 10 calendar days of receiving the request. After 10 calendar days has expired USB will continue to process the request. USB has 30 days from the submission date to notify the producer whether or not the request has been approved.

USB prepares a memo to the QSSB with the following information:

- States the producer from which USB has received an exemption request form.
- Confirms whether or not the producer has met all of the criteria for eligibility, including:
 - + Completed Organic Exemption Request Form – OMB No. 0581-0093 AMS-15 (Rev. 12/15).
 - + Current Certificate of Conformance from Certified Organic Inspector.
 - + Certified Product List of individual products eligible to be listed as certified organic.
 - + List of commodities on Soybean Organic Exemption Request Form coincides with Certified Product List of individual products eligible as organic.
- Requests QSSB concurrence with of the producer request. The QSSB is requested to sign, date and return the memo by email to USB within 10 calendar days.
 - + If no response from the QSSB has been received within the 10 days, USB assumes QSSB concurrence with the request.

Certificate: QSSB response is attached to the producer request. A numbered certificate is issued by USB and mailed to the producer and copied to the QSSB executive to serve as the Certificate of Exemption for the calendar year. The letter will indicate that in order to receive exemption for the next calendar year, a separate request must be resubmitted annually by January 1.

USB does not issue an Organic Certificate of Exemption to producers that do not meet all the criteria for eligibility.



APPENDIX

APPENDIX CONTENTS:

APPENDIX A - AMS Directive 2210.2

APPENDIX B - Financial Statement Audit Examples

Negative Assurances Report Sample

Negative Assurances Paragraph Sample

APPENDIX C - QSSB Provisions for USB Projects

APPENDIX D - USDA Recommended Late Payment Collection Efforts

APPENDIX E - QSSB to QSSB Funds Transmittal Form

APPENDIX F - QSSB to USB Funds Transmittal Form

APPENDIX G - QSSB Refund Letters

Exhibit A- Refund Restriction Letter From QSSB to Producer

Exhibit B- Cover Letter for Producer Refund Request

Exhibit C- Refund Letter From Producer to QSSB

Exhibit D- Producer Refund Procedures

Exhibit E- Refund Letter From QSSB to Producer

APPENDIX H- Schedule of Contracts/Grants in Process Template

APPENDIX I - Schedule of Activities Template

APPENDIX J - Sample Code of Conduct Policy

APPENDIX K - Sample Whistleblower Policy

APPENDIX L - Sample Confidentiality Agreement

APPENDIX M - Sample Conflict of Interest Disclosure Statement



APPENDIX A

AMS DIRECTIVE 2210.2

(2/7/11)

INVESTMENT OF PUBLIC FUNDS

1. PURPOSE

This Directive states the policy and responsibilities for investment of public funds maintained by the Agricultural Marketing Service (AMS).

2. REPLACEMENT HIGHLIGHTS

This Directive replaces AMS Directive 2210.2, Investment of Public Funds, dated August 2005.

3. AUTHORITIES

- a. Title 31, Code of Federal Regulations (CFR), Parts 202-226, Money and Finance: Treasury.
- b. Volume I, Treasury Financial Manual 6-9000, Securing Government Deposits in Federal Agency Accounts.

4. DEFINITIONS OF TERMS

- a. Agency. Any department, agency, or instrumentality of the U.S. government.
- b. Designated Depository. A financial institution designated by the Department of the Treasury as a depository and financial agent of the federal government which has been selected by an agency to hold public funds.
- c. Federal Reserve Districts and Banks. The Federal Reserve Bank or branch of the district within the geographic area where the agency's designated depository is located.
- d. Government Deposits. Public money, including, but not limited to, revenue and funds of the United States and deposited funds subject to the control or regulation of the United States or any of its officers, agents, or employees.

-
- e. Recognized Insurance Coverage. The insurance provided by the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund, and the insurance organizations specifically approved by the Secretary of the Treasury under Title 31, CFR, Part 226.

5. POLICY

It is AMS policy to:

- a. Exercise prudent cash management of funds collected through:
 - (1) Fees for services,
 - (2) Assessments from handlers and producers to finance research and promotion efforts, and
 - (3) Assessments to administer marketing agreements and orders. This also applies to payments received by producer settlement funds and interest or other charges collected on overdue accounts.
- b. Require that a formal agreement or Memorandum of Understanding be signed between parties before funds are deposited with a financial institution. This agreement is to state the responsibilities of both the custodial agency and the financial institution, and must conform with the policies and guidelines established by the U.S. Treasury with respect to the deposits of, and collateral for, public funds.
- c. Require complete safety of invested funds. In this regard, AMS adheres to U.S. Department of the Treasury Regulations, Title 31, CFR, Parts 202-226.

6. RESPONSIBILITIES

- a. The fund custodians for AMS who maintain public funds are the Budget Division, the Research and Promotion Boards, Milk Market Administrators, and the Fruit and Vegetable Marketing Order Administrative Committees. When investing funds held in public trust, fund custodians must follow these guidelines:

-
- (1) Investments. All investments must be short-term, risk-free, interest-bearing instruments.
- (a) Short-Term. All investments must have a maturity period of 1 year or less to ensure availability and rapid conversion of the principal to cash.
 - (b) Risk-Free. All investments must be federally insured or fully collateralized with federal government securities.
- (2) Insurance Coverage. All investments must be fully secured. Accounts are to be established at financial institutions having FDIC insurance which protects the funds depositor's place in banks and savings associations. Accounts at individual institutions should not exceed, in the aggregate, FDIC insured thresholds in order to ensure full insurance for both account principal and interest. The standard insurance amount currently is \$250,000 per depositor through December 31, 2013. On January 1, 2014, the standard insurance amount will return to \$100,000 per depositor for all deposit accounts.
- (3) Collateralization. All investments exceeding FDIC insured thresholds, within said institutions, must be fully collateralized.
- (a) Before sending funds to an institution for investment, eligible collateral must be pledged to an account under the control of the investing custodian.
 - (b) Only those securities specified in U.S. Department of the Treasury Regulations, Title 31, CFR, Part 202, are acceptable collateral. They include securities issued, fully insured or guaranteed by U.S. government agencies, or U.S. government-sponsored corporations. Regulations that govern the types of

acceptable collateral that may be pledged to secure deposits of public monies, as well as the valuation of that collateral are addressed in Title 31 CFR, Part 380. For a current list of acceptable classes of securities and instruments described within this Code and their valuations, see the Bureau of the Public Debt's website at www.publicdebt.treas.gov.

(c) Collateral must be pledged at face value. Financial institutions must provide the investor with quarterly inventories of pledged collateral showing both face and market value.

(d) Pledged collateral must be separately segregated in the name of the investor (i.e., AMS-Budget Division, Board, Milk Market Administrator, or Administrative Committee), in order to prevent double pledging.

(e) Collateral not held by the Federal Reserve Board must be held by a financial institution authorized by Treasury as a Federal Depositary, having FDIC insurance, and approved by the Federal Reserve Board.

(f) Investment records must be maintained for 6 years and 3 months, as required by the AMS Records Management Program.

b. The Planning and Accountability Division, AMS, will conduct a biennial review of the investment decisions process for the AMS investment program.

Investment authorities outside of the AMS investment program will continue to be reviewed as outlined in their investment authority. The Budget Division will issue quarterly investment letters that will apprise committee members of their investment earnings. The Budget Division will also host an annual meeting with the Investment Committee to provide an overview of the investment program activities.

-
- c. On an annual basis, all employees authorized to conduct business with any financial institution participating in the AMS investment program must complete an AMS Investment Program Disclosure Statement Form which indicates any personal relationships with those financial institutions with which business is conducted.
 - d. The Budget Program and Analysis Branch Chief and the AMS Budget Officer share the responsibility of approving daily investment decisions respectively. In their absence, acting staff (GS-13 and above) assume these responsibilities provided they have signed disclosure statements and have confidential disclosure reports on file.

7. INQUIRIES

- a. For further information, please contact the AMS Budget Office.
- b. This Directive is available online at <http://www.ams.usda.gov/amsissuances>.

APPENDIX B

FINANCIAL STATEMENT AUDIT EXAMPLES

Below are examples of language that could be used as long as it complies with USDA request and follows U.S. auditing standards.

Negative Assurances Report Sample

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

Members of the Qualified State Soybean Board of _____

We have audited the financial statements of the Qualified State Soybean Board of _____ as of and for the year ended _____, and have issued our report thereon dated _____.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with the Soybean Promotion, Research, and Consumer Information Act of 1990 (Act) and the Soybean Promotion and Research Order (Order) relative to the use of funds collected by the State Board and with the terms described in Section 1220.228(a) of the Order relative to prohibited uses of funds collected by the State Board, and in Section 1220.211(j) of the Order relative to the investment of funds collected by the State Board, is the responsibility of the Qualified State Soybean Board of _____'s management. As part of our audit, we assessed the risk that noncompliance with the Act and the Order as explained above, could cause the financial statements to be materially misstated. We concluded that the risk of such material misstatement was sufficiently low that it was not necessary to perform tests of the Qualified State Soybean Board of _____'s compliance with the Act and the Order.

Below are examples of language that could be used as long as it complies with USDA request and follows U.S. auditing standards.

NEGATIVE ASSURANCES PARAGRAPH SAMPLE

Members of the Qualified State Soybean Board of _____

We have audited the financial statements of the Qualified State Soybean Board of _____ as of and for the year ended _____, and have issued our report thereon dated _____.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with the Soybean Promotion, Research, and Consumer Information Act of 1990 (Act) and the Soybean Promotion and Research Order (Order) relative to the use of funds collected by the State Board and with the terms described in Section 1220.228(a) of the Order relative to prohibited uses of funds collected by the State Board, and in Section 1220.211(j) of the Order relative to the investment of funds collected by the State Board, is the responsibility of the Qualified State Soybean Board of _____'s management. As part of our audit, we assessed the risk that noncompliance with the Act and the Order as explained above, could cause the financial statements to be materially misstated. We concluded that the risk of such material misstatement was sufficiently low that it was not necessary to perform tests of the Qualified State Soybean Board of _____'s compliance with the Act and the Order.

However, in connection with our audit, nothing came to our attention that caused us to believe that the Qualified State Soybean Board of _____ has not complied, in all material respects, with the Act and the Order referred to in the preceding paragraph.

QSSB PROVISIONS FOR USB PROJECTS



QSSB Provisions for USB Projects

Osborn + Barr

SmithBucklin

USSEC

Primary Contractor Project Manager:
(please include email address)

Date Provision Form is Completed:

Cooperation Agreement Provisions:

1. Date QSSB approved the project:
2. Agreement effective start date: *(start date defaults to the first of the month of USDA's project approval) unless otherwise requested as follows:*

3. QSSB Entity Name:

4. QSSB Contacts (please include email address)

Person responsible for signing Agreement:

Person responsible for management of this project:

USDA RECOMMENDED LATE PAYMENT COLLECTION EFFORTS

QSSB Action:

QSSBs are authorized to collect, remit, and enforce the program and are requested to exhaust all efforts to collect outstanding assessments including any applicable late payment charges from the noncompliant entity before involving USB.

At a minimum, the QSSB is required to:

- Monitor compliance on a monthly basis to identify delinquent accounts, and ensure that they are contacted promptly.
- Contact person or entity by phone at least three times requesting payment. Document each call to begin building a case file.
- If feasible, make at least one visit to the noncompliant entity and offer checkoff information, as well as request payment.
- Send at least three (3) certified letters requesting payment, explaining the checkoff and the responsibilities of the producer, handler, etc., and indicating the level of further action that may pursue if payment is refused; i.e., referral to USB, referral to USDA for further legal action.
- Build the case before referring it to USB. This includes documents that prove the person in question is in fact not in compliance, such as:
 - + Settlement Sheets
 - + Supporting Accounting Records
 - + Audit Records
- + A final call must be placed to the person notifying them that the case will be referred to USB and, if necessary, subsequently USDA for collection if payment is not made by a date determined by the QSSB.

Remitting a case to USB

- The case must be presented in a well-organized and accurate manner. The case must be thorough and easy to follow. Each document included in the case should be labeled as an exhibit and referenced in detail in the audit or case history/timeline.
- If the case is worthy of litigation, a complete audit must be performed. The audit must cover the entire period in question, including a review of each day's transaction, along with a copy of each document reviewed.
- Each document should be considered an exhibit and accompanied by a brief explanation of the exhibit
- To assist QSSBs in gathering information for an audit, an administrative subpoena may be requested through USB.

USB Action:

USB is responsible for providing assistance to a QSSB in the event the QSSB demonstrates that all of its resources to collect from a delinquent entity have been exhausted.

Prior to submitting a case to USDA, USB will:

- Review the case file submitted from the QSSB. USB will collaborate with the QSSB to ensure the case file is complete, and includes all of the USDA required documentation.
- Notify the A&E Committee of the matter and request USB legal counsel draft and send a certified letter on behalf of USB to the delinquent entity. This letter will inform the delinquent entity that:
 - they are delinquent in their checkoff collections/remittance
 - the case has been submitted to USB for review
 - they have 14 business days to respond to the request for a settlement agreement to be established
 - + if no response is received by USB within the 14 business day grace period, the case will immediately be submitted to USDA for resolution

+ if the entity is in agreement to establishing a settlement agreement, USB and USDA.

- The Board must retain compliance cases a sufficient time for a payment or response to be received before referring to USDA.
- Immediate action should be taken once a person or entity has been deemed noncompliant. Do not let the case go on for an extended period of time before pursuing the case. Follow up often to ensure the entity knows the case is being actively pursued.

Once USB determines that a case should be submitted to USDA, it should submit a case file that includes the following:

- Complete case file with the relevant documents, such as the Settlement Sheets, Supporting Accounting Records, and Audit Records
- Name, address, phone number, social security number or tax ID number, a timeline of action taken on case (number of phone calls and letters sent, with dates and outcome included)
- List of possible witnesses in the event of litigation
- Amount of assessments, late fees, and civil penalties that are being sought. USDA cannot pursue enforcement actions based on estimated delinquent assessments and penalties

APPENDIX E

QSSB TO QSSB FUNDS TRANSMITTAL FORM



STATE QSSB TO QSSB FUNDS TRANSMITTAL FORM

TO: _____ State QSSB

FROM: _____ State QSSB

Enclosed are copies of and/or information from the First Purchaser (LS-46) Remittance Forms received by our QSSB.

Collection Period _____ through _____

Enclosed are _____ pages, including this page.

First Purchaser Name	Amount	# of Bushels
1. _____	\$ _____	_____
2. _____	\$ _____	_____
3. _____	\$ _____	_____
4. _____	\$ _____	_____
5. _____	\$ _____	_____
6. _____	\$ _____	_____
	\$ _____	_____
	\$ Total Received	Total Bushels
		Avg \$/Bushel <small>(Total Rec'd / Total Bushels)</small>

Check enclosed for the amount of \$ _____

State Official Signature

Date

APPENDIX F

QSSB TO USB FUNDS TRANSMITTAL FORM



QSSB TO USB FUNDS TRANSMITTAL FORM

STATE: _____ QSSB NAME: _____

ADDRESS: _____ CITY/STATE/ZIP: _____

COLLECTION PERIOD: Month _____ Quarter _____

FOR SALES FROM: (date) _____ TO: (date) _____

Remittance due by the last day of the month following the period in which the assessments from first purchasers were remitted.

COLLECTIONS & REFUNDS

	# of Bushels	Amount	Avg \$/Bushel (Amt/200#Bushels)
Total Collections Paid Directly to State	_____	_____	A
Amount Received from Other QSSBs	_____	(+) _____	B
Total Gross Collections	_____	(A+B) _____	C
Less Amount Forwarded to Other QSSBs	_____	(-) _____	D
Collections for QSSB (C-D)	_____	_____	E

(USB Assessed Bushels)

COLLECTION COSTS (maximum is E x 5.0%) _____ F

These are actual costs authorized by the Order and approved by USB and USDA to be paid to state governmental agencies or first purchasers for collections where the payments of such fees by the QSSB was required by a state law enacted prior to Nov. 28, 1990.

USB reimbursement to QSSB cannot exceed the lesser of:
 - One-half of such state fees
 - Two and one-half percent (2.5%) of USB's share of net collections

NET COLLECTIONS (E - F):	_____	G
USB REMITTANCE FROM QSSB (G x 50%)	_____	H
OTHER: _____	(+/-) _____	I
TOTAL REMITTED (H +/- I):	_____	J

TRANSMITTAL INFORMATION:

- 1) State checks or wire transfers should be made payable to UNITED SOYBEAN BOARD for remittance amount (J). Checks should be attached to this transmittal form when used.
- 2) Wire transfers or ACH transfers are requested for transmittals over \$10,000.
- 3) Check/Wire/ACH Transfer number: _____
- 4) Date funds transferred to USB: _____
- 5) Transfer/Mail to USB:

United Soybean Board
 16305 Swingley Ridge Rd, Suite 150
 Chesterfield, MO 63017

 State Official Signature

 Date

APPENDIX G

QSSB REFUND LETTERS

EXHIBIT A - Refund Restriction Letter From the QSSB to Producer

(QSSB LETTERHEAD)

(Date)

Dear _____,

We are in receipt of your request for a refund pursuant to the National Soybean Promotion, Research, and Information Program. Pursuant to the Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. § 6301, et. seq.)(Act), and the Soybean Promotion and Research Order (7 C.F.R. § 1220.101, et. seq.)(Order), each soybean producer is required to pay one-half of one percent of the net market price of soybeans sold to fund promotion, research and consumer information activities designed to increase demand for soybeans.

There is a provision in our State Soybean Statute that restricts refunds and, therefore, we are unable to process your refund request. If you would like a copy of either the Soybean Promotion, Research, and Consumer Information Act and Order or our State Soybean Statute, please let us know and we will send you a copy.

Please contact us if you have any questions. Thank you for your time.

Sincerely,

EXHIBIT B - Cover Letter for Producer Refund Request

(QSSB LETTERHEAD)

(Date)

Dear _____,

Enclosed are forms that you may use to initiate a request for refund from _____ (QSSB name). The “Refund Letter From Producer to QSSB” may be used as a guide for your request. However, the Refund Procedures must be followed and a request returned to this QSSB before your request can be fulfilled.

Mail your request for refund to:

(QSSB Address)

Please contact us if you have any questions. Thank you for your time.

Sincerely,

EXHIBIT C - Refund Letter From Producer to QSSB

(PRODUCER LETTERHEAD)

(Date)

(Name and address of QSSB)

To Whom It May Concern:

As a soybean producer of _____ (name of State), I understand that pursuant to the Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. § 6301, et. seq.)(Act), and the Soybean Promotion and Research Order (7 C.F.R. § 1220.101, et. seq.)(Order), each soybean producer is required to pay one-half of one percent of the net market price of soybeans sold to fund promotion, research and consumer information activities designed to increase demand for soybeans. Each QSSB remits one-half of the assessment paid by the producer to the United Soybean Board (USB). The other half is kept by the Qualified State Soybean Board (QSSB).

I also understand that if there's no provision in our state's soybean statute that prohibits the state's portion (one-half of the assessment paid) of the checkoff going to USB, and a producer requests a refund of the state portion, you will comply with my refund request by remitting the state portion retained by the QSSB to USB because the federal law supersedes the state's research and promotion refund statutes and there is no federal provision where a producer can receive a refund.

Attached is the information you need to process my refund request. Please submit the QSSB portion to the United Soybean Board. Thank you for processing my request.

Sincerely,

CC: United Soybean Board
16305 Swingley Ridge Road Suite 150
Chesterfield, MO 63017

EXHIBIT D - Producer Refund Procedures

It is suggested that you use the following procedures to request a refund from your QSSB.

Please provide the following information to your QSSB.

- A letter stating that you want a refund of your current year's assessments to go to the USB (the QSSB has a letter guide for you to use for this request if you wish)
- Date
- State in which soybeans were produced
- Your personal information including name and complete address
- The name and address of your QSSB
- Your soybean sale date
- Complete name and address and contact person of the first purchaser where you sold your beans

You must attach a copy of the sales receipts or other supporting documentation that identifies the bushels and net market value of the transaction for which the refund is requested. Only refund requests for sale in the QSSB's current fiscal year will be processed.

At this point it would be a good idea to calculate the net market value times the QSSB assessment (.025) to arrive at the amount to be forwarded to the United Soybean Board.

Be sure to print AND sign your name to the request for refund.

I understand that pursuant to the Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. § 6301, et. seq.)(Act), and the Soybean Promotion and Research Order (7 C.F.R. § 1220.101, et. seq.)(Order), each soybean producer is required to pay one-half of one percent of the net market price of soybeans sold to fund promotion, research and consumer information activities designed to increase demand for soybeans. Each QSSB remits one-half of the assessment paid by the producer to the United Soybean Board. The other half is kept by the QSSB. I also understand that if there's a refund provision in my state's soybean statute, and a producer requests a refund of the state portion of the checkoff, the QSSB will comply with my request for a refund by remitting the portion of the assessment retained by the QSSB (one-half of the assessment paid) to the United Soybean Board to be used for national programs because the federal law supersedes the state's soybean statutes and there is no refund provision in the federal statute.

EXHIBIT E - Refund Letter From QSSB to Producer

(QSSB LETTERHEAD)

(Date)

Dear _____,

The _____ (QSSB name) is in receipt of your request of a refund for \$_____ collected by _____ (First Purchaser name) pursuant to the National Soybean Promotion and Research Program. Pursuant to the Soybean Promotion, Research, and Consumer Information Act (7 U.S.C. § 6301, et. seq.) (Act), and the Soybean Promotion and Research Order (7 C.F.R. § 1220.101, et. seq.) (Order), each soybean producer is required to pay one-half of one percent of the net market price of soybeans sold to fund promotion, research and consumer information activities designed to increase demand for soybeans.

The _____ (QSSB name) has already remitted one-half of the assessment paid to the United Soybean Board and we have complied with your request for a refund by remitting the amount of the assessment retained by us, which is the other half of the paid assessment (.0025 of the net market price) to the United Soybean Board pursuant to your refund request. Please maintain a copy of this document for your records.

Please contact us if you have any questions. Thank you for your time.

Sincerely,

APPENDIX I

SCHEDULE OF ACTIVITIES TEMPLATE

Q55B - "STATE"				
SCHEDULE OF ACTIVITIES - ACTUAL AND BUDGET				
FOR THE YEAR ENDED "DATE"				
COMPARED TO ACTUAL ONLY FOR "PRIOR YEAR"				
	"CURRENT YEAR"			"PRIOR YEAR"
	Actual	Budget (Unaudited)	Difference	Actual
UNRESTRICTED NET ASSETS				
Revenues				
Assessments collected from first purchasers			\$ -	
Assessments collected for other Soybean Boards			-	
Total assessments	-	-	-	-
Less: Assessments remitted to United Soybean Board				
Assessments remitted to other Soybean Boards			-	
Total assessments remitted	-	-	-	-
Net assessments	-	-	-	-
Other revenue				
Interest income			-	
USB grant funds			-	
Reimbursed expenses			-	
Miscellaneous income			-	
Total other revenue	-	-	-	-
Total revenues	-	-	-	-
Expenses				
Program service			-	
Management and general			-	
Total expenses	-	-	-	-
Increase (Decrease) in net assets	\$ -	\$ -	\$ -	\$ -

SAMPLE CODE OF CONDUCT POLICY

Definition of Terminology

- 1) Conflict of Interest: exists if a Director has relationships with any person who is transacting or may transact business with the QSSB. Conflicts of interest occur when Directors are involved in multiple interests and have conduct, reporting, oversight, review and decision-making responsibilities and can use these responsibilities to personally benefit from decisions made.
- 2) Confidentiality of Information: is the nondisclosure of QSSB information except to another authorized person. Such information is entrusted with the confidence through another party.
- 3) Code of Ethics: a set of principles of conduct within an organization that guide decision-making and behavior. The purpose is to provide staff with guidelines for making ethical choices in the conduct of their work.
- 4) Harassment: covers a wide range of offensive behavior intended to disturb, upset or threaten another person. Sexual harassment refers to persistent and unwanted sexual advances with the consequences of refusing being disadvantageous to the victim.
- 5) Whistleblower: person who reports alleged dishonest or illegal activities (misconduct) occurring in a government department, a public or private organization, or a company to authorities. Alleged misconduct may be a violation of a law, rule, regulation and/or a direct threat to public interest, such as fraud, health/safety violations and corruption.

Anti-Harassment

The QSSB is committed to maintaining a positive, constructive working environment where all Directors and staff feel comfortable. Accordingly, the Board will not tolerate harassment committed by any staff or Director. Any person who commits harassment will be subject to discipline, including dismissal or removal.

Prohibited Conduct

Directors or staff may not:

- 1) Make unwelcome sexual advances or requests for sexual favors, or engage in other verbal or physical conduct of a sexual nature;
- 2) Make submission to, or rejection of, such conduct the basis for employment or other decisions affecting the staff or Director; or
- 3) Engage in conduct that creates an intimidating, hostile or offensive working environment for staff or Director.
 - a. Sexual harassment may take many forms, including, but not limited to:
 - i. Unwanted physical or verbal sexual advances or propositions;
 - ii. Making employment or other benefits contingent upon sexual favors;
 - iii. Leering, whistling, making sexual gestures, displaying sexually suggestive objects or pictures, cartoons or posters;
 - iv. Making or using derogatory comments, epithets, slurs, innuendos or jokes;
 - v. Making comments about an individual's body, appearance, sexual prowess or sexual deficiencies or using sexually demeaning words to describe an individual;
 - vi. Sending suggestive or obscene letters, notes or email; and
 - vii. Touching, pinching, assaulting, impeding or blocking movement.

Reporting Harassment

- 1) Any person who believes that they have been harassed, including sexual harassment, or has witnessed such harassment, may directly inform the offending person that the conduct is offensive and must stop. If, however, a person is not comfortable confronting the offender, he or she should promptly report the conduct to any Officer or the Executive Director.

-
- 2) The QSSB will promptly and thoroughly investigate all harassment complaints. The investigation may include interviews with the parties involved and, if necessary, any persons who may have relevant knowledge about the alleged conduct.
 - 3) To protect the privacy of all persons involved, QSSB will keep a complaint confidential throughout the investigation to the extent practicable and appropriate under the circumstances.
 - 4) In addition, the Compliance Officers (position(s) identified – e.g Chair, Executive Director, etc.) are responsible for ensuring the reporting of allegations to USB and the USDA of any complaints of violations of the provisions of the Act & Order or harassment as detailed in this policy.

Retaliation Prohibited

A person may not retaliate against any person who reports any alleged harassment or provides information as part of an investigation. A person subject to retaliation should report the conduct immediately. The QSSB will take appropriate disciplinary action.

Responsive Action

The QSSB will take prompt and appropriate action with respect to any conduct that constitutes harassment. Staff may be subject to disciplinary action, including without limitation, warnings, reprimands, suspension without pay, compensation adjustments or termination. A Director will be dealt with in a manner calculated to end any offensive conduct and prevent future misconduct. If appropriate, the Director will be removed.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. The QSSB will keep a complaint confidential throughout the investigation to the extent practicable and appropriate under the circumstances.

QSSB Code of Ethics

We are dedicated to show:

- a. Respect for the people we work with and serve.
- b. Integrity in our actions.
- c. Responsibility for our decisions and their consequences. We are committed to:
 - + Acknowledge the importance of state soybean checkoff organizations as part of the national checkoff program. It is the goal of the United Soybean Board to partner effectively with the Qualified State Soybean Boards for the benefit of U.S. soybean producers.
 - + Act honestly, truthfully and with integrity in all our transactions and dealings.
 - + Avoid conflicts of interest and the appropriate handling of actual or apparent conflicts of interest in our relationships.
 - + Treat our fellow Directors fairly and to treat every individual with dignity and respect.
 - + Comply with both the spirit and letter of the law.
 - + Be a responsible representative of the soybean farmers of the United States and (insert name of state).
 - + Demonstrate the organization's mission and values in our decision-making.
 - + Initiate and promote discussion of controversial issues affecting the industry and organization.
 - + Provide insight on how issues under discussion may affect the state or region represented.
 - + Respect the confidentiality of sensitive information known due to Board service.
 - + Act responsibly toward the state or region we represent with a cooperative effort for the united benefit of the soybean farmers in the checkoff program.

-
- + Treat our staff with respect, fairness and good faith, and to provide conditions of employment that safeguard their rights and welfare.
 - + Show commitment to cooperation, collaboration and partnership with soybean organizations that represent the farmers.
 - + Promote continuous improvement in the accountability, transparency, ethical conduct and the effectiveness of the QSSB.

We are also committed to:

- Not use Board time, facilities, equipment or supplies for private purposes.
- Refrain from receiving or accepting money or any other considerations from anyone or any organization other than the QSSB – not including salary derived from one’s primary employment – for the performance of duties as a Director.
- Refrain from receiving or accepting anything of value from anyone who is doing or seeking to do business with the QSSB concerned under circumstances from which it reasonably could be inferred that the item was intended to influence the officer in an official action as an officer of the government.
- Do not make unauthorized commitments or promises of any kind purporting to bind the QSSB.
- Avoid giving preferential treatment to any private organization or individual.
- Avoid engaging in outside employment or activities.

The Code of Ethics will be distributed annually to the Directors and staff.

Confidentiality of Information

All information distributed, such as contract terms, personnel information, RFP responses, etc., may be considered to be of confidential nature. Staff is required to maintain confidentiality of this information and documentation at all times.

Staff should be aware that maintaining confidentiality is becoming more difficult. While information technology can improve workload, it can also increase the risk of unauthorized use, access and disclosure of confidential information.

All personnel files should be maintained in the QSSB office in a fire safe, locked cabinet that is only accessible by the Executive Director.

Conflict of Interest: Directors

The QSSB is charged with following the federal soybean Act and Order. In carrying out this charge, it is important that the Directors exercise their responsibilities and duties free of any potential conflicts of interest or the appearance of conflicts of interest. Therefore, it is the policy of the QSSB that each Director on an annual basis completes and submits a disclosure statement.

Through the disclosure statement, all Directors will disclose any relationships that might create a conflict of interest and declare that the Director will not:

- + Associate with persons as defined herein in a manner that would impair the QSSB's independence or integrity;
- Disclose information not authorized for release obtained through their position as a Director; or
- Accept gifts or discounts from related organizations without disclosure.

Conflict of interest exists if a Director has a relationship with any person who is transacting or may transact business with the QSSB. A relationship from his or her immediate family gives rise to a potential conflict of interest if that family member:

- Is or has been a Director, Officer or staff of an organization/person that has done, is doing or is proposing to do business with the QSSB; or
- Is or will be an owner, partner, member or shareholder of such organization/person.

Immediate family shall include parents, grandparents, siblings, children, grandchildren, spouses, in-laws, aunts, nephews, nieces and first cousins. The financial interests or business relationships of such persons shall be ascribed to the Director.

With respect to organizations/persons who may transact business with the QSSB, a potential conflict of interest exists if:

- The QSSB is doing business with such organization/person and a Director is involved, or responsible for, the oversight of such program, or
- A proposal is pending from such organization/person before the QSSB and the Director is in a position to influence approval of such proposal.

Directors must disclose all such relationships unless they terminated more than two (2) years prior to completing an initial or subsequent disclosure statement. For the purpose of this policy, a passive investment in publicly traded corporations representing less than 5 percent of the then-outstanding stock of that corporation shall not constitute a relationship giving rise to a potential conflict of interest.

Gifts

Directors may accept personal gifts from persons transacting business with the QSSB subject to the following restrictions:

- May accept any gift valued at less than \$50 (fifty dollars) so long as accepting it does not create the appearance of conflict of interest.
- Accept gifts valued at \$50 (fifty dollars) but less than \$250 (two hundred fifty dollars) so long as the Director reports such gifts on the annual disclosure statement.
- For gifts valued at \$250 (two hundred fifty dollars) or more, a Director may not accept such a gift without prior written permission of the Chair or his or her designee.

A gift includes any goods, services, discounts or any other benefit that a Director receives in exchange for no consideration or less consideration than the value of the benefit given.

Travel and Meals

Directors may accept meals, lodging, transportation and miscellaneous expenses subject to certain conditions. Meals must be provided in conjunction with working sessions of meetings, conferences or other events directly related to Board business. A Director may accept payment or reimbursement for lodging, transportation or miscellaneous expenses in connection with a meeting, conference or other event that the Director attends as a QSSB representative to promote the QSSB's agenda.

Disclosure Statement Review

The Officers will review all statements at the Annual Board Meeting and determine whether conflict of interest exists.

If it is determined that a conflict exists, the Director with the conflict shall be required to recuse himself or herself from participating in or voting on any matter involving the conflict. The Officers may also require the Director to return gifts or reimburse a person for travel-related benefits that create conflicts of interest. Even if no conflict of interest is found, Directors are strongly encouraged to exercise their best judgment and recuse themselves from participating in or voting on matters where there is the appearance of a conflict of interest.

Reporting

Directors must report on the annual disclosure statement all relationships that give rise to a potential conflict of interest, all gifts valued at \$50 (fifty dollars) or more, and all travel-related payments and reimbursements. Directors must promptly disclose to an officer of the Board any potential conflict of interest regarding any proposed business transaction. The officers shall keep confidential all reports and information otherwise disclosed to them.

Employees

The QSSB is charged with following the federal soybean Act and Order. In their role of supporting the Board in carrying out this charge, it is important that QSSB employees exercise their responsibilities and duties free of any potential conflicts of interest or the appearance of conflicts of interest. Therefore, it is the policy of the QSSB that each employee, at the time of hire and annually thereafter, complete a disclosure statement to report all relationships, gifts received or travel-related reimbursements that give rise to a potential conflict of interest.

Review of employee disclosure statements by the QSSB Board officers will be conducted annually, and employees will be notified by the officers of any potential conflicts.

SAMPLE WHISTLEBLOWER POLICY

The QSSB Code of Conduct requires the Directors and staff to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As staff and representatives of the QSSB, honesty and integrity in fulfilling the responsibilities and complying with all applicable laws and regulations must be practices.

Reporting Responsibility

It is the responsibility of all the Directors and staff to comply with the Code of Conduct and to report violations or suspected violations in accordance with the Whistleblower Policy.

No Retaliation

No Director, Officer or staff who in good faith reports a violation of the Code of Conduct shall suffer harassment, retaliation or adverse employment consequence. A Director or staff who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable staff and others to raise serious concerns within the QSSB prior to seeking resolution outside of the QSSB.

Reporting Violations

The Code of Conduct addresses the QSSB's open door policy and suggests that the Directors and staff share their questions, concerns, suggestions or complaints with someone who can address them properly.

- 1) In most cases, a staff's supervisor is in the best position to address an area of concern. If staff are not comfortable speaking with their supervisor or are not satisfied with the supervisor's response, they are encouraged to reach out to the Compliance Officers.
- 2) Supervisors and managers are required to report suspected violations of the Code of Conduct to the QSSB's Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when

they are not satisfied or uncomfortable with following the QSSB's open door policy, individuals should contact the QSSB's Compliance Officers directly.

- 3) In addition, the Compliance Officer (list title of compliance officer) is responsible for ensuring that all allegations of violations of the provisions of the Act & Order are reported to USB and the USDA Secretary.

Accounting and Auditing Matters

The Board officers shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Board officers shall report to USB and the USDA any such complaint until the matter is resolved.

Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five (5) business days. All reports will be promptly investigated, and appropriate corrective action will be taken if warranted by the investigation.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. The QSSB will keep a complaint confidential throughout the investigation to the extent practicable and appropriate under the circumstances.

APPENDIX L

SAMPLE CONFIDENTIALITY AGREEMENT

This confidentiality agreement (“Agreement”) is executed this _____ day of _____, by _____ (the “Undersigned”).

WHEREAS the United Soybean Board (USB) was created pursuant to the Soybean Promotion, Research, and Consumer Information Act, 7 U.S.C. §§ 6301-6311 (1999) (the Act) and the Soybean Promotion and Research Order, 7 U.S.C. Part 1220 (2000) (the Order), to, among other things, ensure coordination and efficient use of the funds assessed and collected under the Act;

WHEREAS USB has invited the Undersigned to attend the Board of Directors (the Board) meeting in _____ on _____ (the Board Meeting);

WHEREAS the Board may hold executive sessions (the Executive Sessions) during the Board Meeting;

WHEREAS Confidential Information, as that term is defined in Paragraph 2 below, will be disclosed during the Executive Sessions;

WHEREAS the Undersigned desires to be present during the Executive Sessions;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the Undersigned affirms and agrees as follows:

1. The term of this Agreement shall run for a period of two (2) years from the date of execution of this Agreement.
2. The Undersigned acknowledges that the definition of “Confidential Information” for the purposes of this Agreement shall be defined as any information provided to the Undersigned at the Executive Sessions during the Board Meeting.
3. The Undersigned affirms that he/she is a soybean producer who has paid into the national soybean checkoff program within the previous two years.
4. The Undersigned agrees to maintain in confidence, and will not disclose to any other person or entity, any confidential information without the prior written consent of the Chair of the Board.
5. The Undersigned agrees that he/she will take reasonable measures to maintain the confidentiality of the confidential information.

-
6. The Undersigned will immediately give notice to the Board of any unauthorized use or disclosure of the confidential information by contacting the Chair of the Board in writing.
 7. The Undersigned agrees to assist the Board in remedying any unauthorized use or disclosure of the confidential information.
 8. The Undersigned acknowledges and agrees that the Board shall suffer irreparable harm if the Undersigned breaches any of his/her obligations under this Agreement and that monetary damages shall be inadequate to compensate the Board for such breach. Accordingly, the Undersigned acknowledges that the Board, in addition to, and not in limitation of, any other remedies or damages which it may have at law or in equity, shall be entitled to a temporary restraining order, preliminary injunction and permanent injunction to prevent or to restrain any such breach.
 9. This Agreement shall be governed by and construed in accordance with the laws of the state of _____ without regard to conflict of laws principles. All disputes pertaining to this Agreement shall be decided by a state or federal court located in the state of _____, and the Undersigned consents to personal jurisdiction in such courts.
 10. If a court of competent jurisdiction shall declare any part of the Agreement invalid or unenforceable, it shall not affect the validity of the balance of the Agreement.
 11. This Agreement constitutes the complete understanding of the parties with respect to the subject matter addressed herein and supersedes any prior agreements, whether written or oral. This Agreement may only be amended, supplemented or otherwise modified by means of a written instrument signed by the Undersigned and the Chair of the Board.

Signed: _____

Print Name: _____

APPENDIX M

SAMPLE CONFLICT OF INTEREST DISCLOSURE STATEMENT

I, _____, a member of the QSSB (the Board), have received, read and understood the Board's Conflict of Interest and Gift Policy.

_____ To the best of my knowledge, I do not have any relationship with any organization/person that is transacting, has transacted or may transact business with the Board.

_____ To the best of my knowledge, I have a relationship with organizations/persons that may give rise to a conflict of interest. Please identify below the organization/person, the nature of the relationship and the nature of the transaction. Attach additional sheets if necessary.

Please list all gifts valued at more than \$50 that you have received in the past year from organizations/persons who have transacted, are transacting or may transact business with the Board. Attach additional sheets if necessary.

Please identify all travel-related benefits that you have received in the past year from organization/persons who have transacted, are transacting or may transact business with the Board. Attach additional sheets if necessary.

I understand that if a conflict of interest does arise after this disclosure, I will report it to one of the Board officers immediately.

Date _____

Board Member's Signature

Printed Name

