The U.S. Department of Agriculture’s (USDA) Agricultural Marketing Service (AMS) has improved its oversight of check-off programs since USDA’s Office of Inspector General (OIG) made recommendations in a 2012 report. In response to two OIG recommendations, AMS developed and implemented standard operating procedures, which outline specific oversight responsibilities of AMS, and began to conduct internal reviews of its oversight functions. However, GAO found that AMS does not consistently review subcontracts—a legal agreement between a contractor and third party—or ensure that certain documents are shared with stakeholders on program websites.

What GAO Found

Subcontracts. Under AMS’s 2015 guidelines for check-off programs, which cover broad oversight activities, staff are to review a sample of subcontracts during agency reviews of program operations. However, AMS did not revise its standard operating procedures to match its guidelines with this responsibility, and GAO found that AMS reviewed subcontracts for only one check-off program in its sample of eight. Without revising the standard operating procedures to include a review of subcontracts, AMS’s ability to prevent misuse of funds is impaired.

Transparency. According to leading business principles, transparency is central to stakeholders’ access to regular, reliable, and comparable information. However, GAO found that four of the eight check-off programs reviewed posted all key documents, such as budget summaries and evaluations of effectiveness, to program websites. GAO found that AMS’s guidelines state that budget summaries should be posted on program websites, while the other key documents are to be available on the website or otherwise made available to stakeholders. Agency officials said that boards would supply documentation if contacted by a stakeholder. Industry representatives GAO interviewed said that transparency of how funds are used and the effectiveness of programs are important to their members. Without including in its guidelines and standard operating procedures that all key documents should be posted on a check-off program’s website, AMS may miss an opportunity to ensure that stakeholders have access to information on program operations and effectiveness.

Independent economic evaluations of the effectiveness of check-off programs, required by law to be conducted every 5 years, have generally shown positive financial benefits. For the eight evaluations GAO reviewed, benefits ranged from an average of $2.14 to $17.40 for every dollar invested in the programs. However, the evaluations varied in the methods used and had certain methodological limitations. For example, some evaluations did not account for the effects of promotion from competing commodities, which could overstate the programs’ benefits. AMS’s standard operating procedures state that the agency should review the evaluations to ensure that there is a credible methodology, among other things; however, AMS did not consistently document reviews of the evaluations or have criteria by which to review the evaluations. Without developing criteria to assess the methodology and results of evaluations, the agency’s assessments of independent economic evaluations may be inconsistent across check-off programs and misleading to stakeholders.