

Department of Agriculture
BISMARCK, NORTH DAKOTA

Audit Report

For the Biennium
June 30, 2015

ROBERT R. PETERSON
STATE AUDITOR



Office of the State Auditor
Division of State Audit

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Transmittal Letter

April 12, 2016

The Honorable Jack Dalrymple, Governor
Members of the North Dakota Legislative Assembly
The Honorable Doug Goehring, Agriculture Commissioner

We are pleased to submit this audit of the Department of Agriculture for the biennium ended June 30, 2015. This audit resulted from the statutory responsibility of the State Auditor to audit or review each state agency once every two years. The same statute gives the State Auditor the responsibility to determine the contents of these audits.

In determining the contents of the audits of state agencies, the primary consideration was to determine how we could best serve the citizens of the state of North Dakota. Naturally we determined financial accountability should play an important part of these audits. Additionally, operational accountability is addressed whenever possible to increase efficiency and effectiveness of state government.

The in-charge auditor for this audit was Lindsey Ressler. Megan Reis and Amanda Westlake were the staff auditors. Paul Welk, CPA was the audit manager. Inquiries or comments relating to this audit may be directed to the audit manager by calling (701) 328-2241. We wish to express our appreciation to Mr. Goehring and his staff for the courtesy, cooperation, and assistance they provided to us during this audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Bob Peterson".

Robert R. Peterson
State Auditor

Executive Summary

Introduction

The North Dakota Department of Agriculture was originally established as the Commissioner of Agriculture and Labor by the North Dakota Constitution in 1889. In 1964, voters approved dividing the office into two separate offices – Commissioner of Labor and Commissioner of Agriculture.

The responsibilities of the Department of Agriculture include: a leadership role in the formulation of policies affecting the state's agricultural industries; the advocacy of the needs and concerns of farmers and ranchers in the state and national level; the administration of fair and timely mediation services to farmers and ranchers; the promotion and marketing of North Dakota products; and the dissemination of information concerning agricultural issues to the Governor, Legislature, and the general public.

The Legislative Audit and Fiscal Review Committee (LAFRC) requests that certain items be addressed by auditors performing audits of state agencies. Those items and the Office of the State Auditor's responses are noted below.

Responses to LAFRC Audit Questions

1. What type of opinion was issued on the financial statements?

Financial statements were not prepared by the Department of Agriculture in accordance with generally accepted accounting principles so an opinion is not applicable. The agency's transactions were tested and included in the state's basic financial statements on which an unmodified opinion was issued.

2. Was there compliance with statutes, laws, rules, and regulations under which the agency was created and is functioning?

Yes.

3. Was internal control adequate and functioning effectively?

Yes.

4. Were there any indications of lack of efficiency in financial operations and management of the agency?

No.

5. Has action been taken on findings and recommendations included in prior audit reports?

Yes.

6. *Was a management letter issued? If so, provide a summary below, including any recommendations and the management responses.*

Yes, a management letter was issued and is included on page 17 of this report, along with management's response.

LAFRC Audit Communications

7. *Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.*

There were no significant changes in accounting policies, no management conflicts of interest were noted, no contingent liabilities were identified or significant unusual transactions.

8. *Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditor's conclusions regarding the reasonableness of those estimates.*

The Department of Agriculture's financial statements do not include any significant accounting estimates.

9. *Identify any significant audit adjustments.*

Significant audit adjustments were not necessary.

10. *Identify any disagreements with management, whether or not resolved to the auditor's satisfaction relating to a financial accounting, reporting, or auditing matter that could be significant to the financial statements.*

None.

11. *Identify any serious difficulties encountered in performing the audit.*

None.

12. *Identify any major issues discussed with management prior to retention.*

This is not applicable for audits conducted by the Office of the State Auditor.

13. *Identify any management consultations with other accountants about auditing and accounting matters.*

None.

14. *Identify any high-risk information technology systems critical to operations based on the auditor's overall assessment of the importance of the system to the agency and its mission, or whether any exceptions identified in the six audit report questions to be addressed by the auditors are directly related to the operations of an information technology system.*

ConnectND Finance and Human Resource Management System (HRMS) are high-risk information technology systems critical to the Department of Agriculture.

Audit Objectives, Scope, and Methodology

Audit Objectives

The objectives of this audit of the Department of Agriculture for the biennium June 30, 2015 were to provide reliable, audited financial statements and to answer the following questions:

1. What are the highest risk areas of the Department of Agriculture's operations and is internal control adequate in these areas?
2. What are the significant and high-risk areas of legislative intent applicable to the Department of Agriculture and are they in compliance with these laws?
3. Are there areas of the Department of Agriculture's operations where we can help to improve efficiency or effectiveness?

Audit Scope

This audit of the Department of Agriculture is for the biennium ended June 30, 2015. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Department of Agriculture's sole location is its Bismarck office which was included in the audit scope.

Audit Methodology

To meet the objectives outlined above, we:

- Prepared financial statements from the legal balances on the state's accounting system tested as part of this audit and the audit of the state's Comprehensive Annual Financial Report and reviewed management's discussion and analysis of the financial statements.
- Performed detailed analytical procedures including computer-assisted auditing techniques. These procedures were used to identify high-risk transactions and potential problem areas for additional testing.
- Tested internal control and compliance with laws and regulations which included selecting representative samples to determine if controls were operating effectively and to determine if laws were being followed consistently. Non-statistical sampling was used and the results were projected to the population. Where applicable, populations were stratified to ensure that particular groups within a population were adequately represented in the sample, and to improve efficiency by gaining greater control on the composition of the sample.
- Interviewed appropriate agency personnel.

- Queried the ConnectND (PeopleSoft) system. Significant evidence was obtained from ConnectND.
- Observed the Department of Agriculture's processes and procedures.
- Performed a detailed review of the Pesticide Registration Program and Feed Program operated by the Department of Agriculture including:
 - Established policies and procedures;
 - Qualifications of staff;
 - Licensing;
 - Inspections;
 - Complaint handling;
 - Enforcement processes; and
 - Management analysis processes.
- Performed a detailed review of the Specialty Crop Block Grant awarded by the Department of Agriculture including:
 - Application review processes;
 - Grant awarding;
 - Performance monitoring; and
 - Management assessment of results.
- Performed a detail review of the credit card collection procedures utilized by the Department of Agriculture including:
 - Receipt of revenue;
 - Reconciliation of revenue;
 - Access to Paypal and Pride of Dakota systems;
 - Recording of revenue on Peoplesoft;
 - Transfer to the State Treasurer; and
 - Refunds issued.

In aggregate, there were no significant limitations or uncertainties related to our overall assessment of the sufficiency and appropriateness of audit evidence.

Management's Discussion and Analysis

The accompanying financial statements have been prepared to present the Department of Agriculture's revenues and expenditures on the legal (budget) basis. The accompanying financial statements are not intended to be presented in accordance with generally accepted accounting principles (GAAP).

The following management discussion and analysis was prepared by the Department of Agriculture's management. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of this supplementary information to ensure it does not conflict with the knowledge we gained as part of our audit.

For the biennium ended June 30, 2015, operations of the Department of Agriculture were primarily supported by appropriations from the state's general fund. This is supplemented by federal funding and fees credited to the agency's operating fund and environment and rangeland protection fund.

Financial Summary

Revenues consisted primarily of federal funds from a variety of federal grants and other revenues derived mainly from licenses, registrations, interagency transfers, and user fees. Total revenues were \$5,043,084 for the year ended June 30, 2015 as compared to \$9,266,145 for the year ended June 30, 2014. This decrease is due to pesticide registrations and commercial feed registrations on a two-year cycle with registrations due the first year of the biennium.

Total expenditures for the Department of Agriculture were \$11,637,018 for the year ended June 30, 2015 as compared to \$10,462,716 for the prior year. The increase in total expenditures for the audited period reflects primarily grant expenditures associated with the Specialty Crop Block Grant program. This program has shown an increase in farm bill funding. The increase in expenditures for salaries and benefits reflected the general salary increases. All other expenditures remained fairly constant.

Analysis of Significant Changes in Operations

The Department of Agriculture implemented a number of significant changes during the 2013-2015 biennium.

The Department was appropriated \$75,000 from the general fund for research grants focusing on honeybee colony health. This funding was supplemented by almost \$18,000 from the honey fund. The Department granted funds to research entities.

The Department was appropriated \$50,000 from the general fund to mediate issues associated with energy development in North Dakota.

The Department successfully granted funds for noxious weed control. The landowner assistance program (LAP) and targeted assistance grant (TAG) programs were used to distribute over \$1.2 million to support local county weed board efforts.

The Department received an increase in federal grant dollars to enhance the competitiveness of specialty crops. Specialty crops now grown commercially in North Dakota include dry beans, dry peas, lentils, potatoes, confection sunflowers, grapes, honey, and various vegetables. Over \$1.3 million was distributed to enhance research, promotion, marketing, trade enhancement, education, and product development.

Analysis of Significant Variances - Budgeted and Actual Expenditures

The Department of Agriculture had excess appropriations over actual expenditures in the Salaries and Benefits, Operating Expenses, and Grants line items. The Salary line item variance (\$10,832,022 appropriated compared to \$9,679,427 actual expenditures) is due to vacant positions and limited access to qualified candidates for positions requiring specialized expertise. The Operating line item variance (\$5,885,262 appropriated compared to \$4,521,337 actual expenditures) is due to over-estimated federal revenue. The Grant line item variance (\$5,075,828 appropriated compared to \$3,694,809 actual expenditures) is due to over-estimating federal grant requests in the Specialty Crop Block Grant program as well as a decrease in federal funding in the Livestock Pollution Prevention program.

Financial Statements

Statement of Revenues and Expenditures

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<u>Revenues and Other Sources:</u>		
Revenue from Federal Government	\$ 2,310,313	\$ 1,720,015
Licenses, Fees, and Registrations	1,799,181	6,090,071
Conference Registrations Fees	201,580	189,616
Fines-Forfeitures-Escheat	63,187	35,255
Miscellaneous Revenue	15,185	24,260
Turkey Assessments	13,950	15,205
Transfers In	639,688	1,191,723
Total Revenues and Other Sources	<u>\$ 5,043,084</u>	<u>\$ 9,266,145</u>
<u>Expenditures and Other Uses:</u>		
Salaries and Benefits	\$ 5,742,943	\$ 5,296,787
Grants	1,964,200	1,219,718
Purchase of Service Agreements	784,240	772,541
Travel	663,877	669,612
IT-Data Processing/Equipment/Services	410,818	345,212
Contractual Fees	365,252	329,563
Miscellaneous Expenditures	334,967	204,996
Hazardous Waste Collection	330,155	273,264
Livestock Pollution Prevention Payments	315,644	375,581
Operating Fees	232,344	234,513
Rentals/Leases-Buildings/Land	176,743	160,532
Professional Fees and Services	159,976	122,391
Professional Development	107,784	106,656
Transfers Out	48,075	351,350
Total Expenditures and Other Uses	<u>\$ 11,637,018</u>	<u>\$ 10,462,716</u>

Statement of Appropriations

For The Biennium Ended June 30, 2015

Expenditures by Line Item:	<u>Original Appropriation</u>	<u>Adjustments</u>	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Unexpended Appropriation</u>
Salaries and Benefits	\$ 10,861,195	\$ (29,173)	\$10,832,022	\$ 9,679,427	\$ 1,152,595
Accrued Leave Payments	237,295		237,295	73,991	163,304
Operating Expenses	5,885,262		5,885,262	4,521,337	1,363,925
Capital Assets	12,000		12,000	8,697	3,303
Grants	4,675,828	400,000	5,075,828	3,694,809	1,381,019
Board of Animal Health	2,109,828	34,073	2,143,901	1,924,261	219,640
Wildlife Services	1,417,400		1,417,400	1,417,400	
Pipeline Oversight Program		400,000	400,000		400,000
Crop Harmonization Board	75,000		75,000	69,889	5,111
Totals	<u>\$ 25,273,808</u>	<u>\$ 804,900</u>	<u>\$ 26,078,708</u>	<u>\$ 21,389,811</u>	<u>\$ 4,688,897</u>
Expenditures by Source:					
General Fund	\$ 9,519,217	\$ 4,900	\$ 9,524,117	\$ 9,300,531	\$ 233,586
Other Funds	15,754,591	800,000	16,554,591	12,089,280	4,465,311
Totals	<u>\$ 25,273,808</u>	<u>\$ 804,900</u>	<u>\$ 26,078,708</u>	<u>\$ 21,389,811</u>	<u>\$ 4,688,897</u>

Appropriation Adjustments:

The \$29,173 reduction from the Salaries and Benefits line item was to move funds to the Board of Animal Health line item pursuant to House Bill 1015, section 12 of the 2013 Legislative Assembly.

The \$400,000 increase in the Grants line item was to increase spending authority to account for an increase in the United States Department of Agriculture's specialty crop block grant program. This was approved by the Emergency Commission.

The increase of \$34,073 in the Board of Animal Health line item was in part a transfer of \$29,173 from the Salaries and Benefits line item pursuant to House Bill 1015, section 12 of the 2013 Legislative Assembly. The additional \$4,900 was due to a carryover of funds received pursuant to Senate Bill 2128 of the 2011 Legislative Assembly.

The \$400,000 increase to the Pipeline Oversight Program line item was an emergency clause pursuant to Senate Bill 2271, section 2 of the 2015 Legislative Assembly. The purpose was for establishing and administering a pipeline restoration and reclamation oversight pilot program, without additional full-time employees.

Expenditures Without Appropriations Of Specific Amounts:

Turkey Promotion Fund has a continuing appropriation authorized by NDCC 4-13.1-05 (\$26,479 of expenditures for this biennium).

Honey Promotion Fund has a continuing appropriation authorized by NDCC 4-12.1-03 (\$65,829 of expenditures for this biennium).

Minor Use Pesticide Fund has a continuing appropriation authorized by NDCC 4-35-06.3 (\$218,190 of expenditures for this biennium).

A transfer from the Environment and Rangeland Fund to the Minor Use Pesticide Fund was authorized by House Bill 1009, section of the 2013 Legislative Assembly (\$325,000 transfer).

Internal Control

In our audit for the biennium ended June 30, 2015, we identified the following areas of the Department of Agriculture's internal control as being the highest risk:

Internal Controls Subjected to Testing:

- Controls surrounding the processing of revenues.
- Controls surrounding the processing of expenditures including correcting entries and state purchase card transactions.
- Controls effecting the safeguarding of assets.
- Controls relating to compliance with legislative intent.
- Controls surrounding the ConnectND (PeopleSoft) system.
- Controls surrounding the Pesticide Registration Program.
- Controls surrounding the Feed Program.
- Controls surrounding the Specialty Crop Block Grant
- Controls surrounding Pride of Dakota credit card collections.

The criteria used to evaluate internal control is from *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (Green Book, GAO-14-704G). Agency management must establish and maintain effective internal control in accordance with Policy 216 of the Office of Management and Budget and, for programs receiving federal funds, the *Code of Federal Regulation* as set forth by the Federal Government (2 CFR 200.303).

We gained an understanding of internal control surrounding these areas and concluded as to the adequacy of their design. We also tested the operating effectiveness of those controls we considered necessary based on our assessment of audit risk. We concluded internal control was adequate.

Auditors are required to report deficiencies in internal control that are significant within the context of the objectives of the audit. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect: (1) misstatements in financial or performance information; (2) violations of laws and regulations; or (3) impairments of effectiveness or efficiency of operations, on a timely basis. Considering both qualitative and quantitative factors, we did not identify any significant deficiencies in internal control.

Compliance With Legislative Intent

In our audit for the biennium ended June 30, 2015, we identified and tested the Department of Agriculture's compliance with legislative intent for the following areas we determined to be significant and of higher risk of noncompliance:

- The amount transferred from the Environment and Rangeland Protection Fund to the Minor Use Pesticide Fund did not exceed \$325,000 (House Bill 1009, section 2).
- A total of \$727,500 was deposited into the Environment and Rangeland Protection Fund (House Bill 1009, section 9).
- Development of a Grape and Wine Advisory Committee (Senate Bill 2146, section 1).
- Application of proper statutory rates relating to revenue (NDCC sections 4-08-02, 19-13.1-03.1, 19-18-04, 19-20.1-03, 19-20.1-06).
- Compliance with appropriations and transfers (2013 North Dakota Session Laws, chapter 9).
- Compliance with OMB's Purchasing Procedures Manual.
- Travel-related expenditures are made in accordance with OMB policy and state statute.
- Adequate blanket bond coverage of employees (NDCC section 26.1-21-08).
- Compliance with fixed asset requirements including record-keeping and annual inventory.
- Compliance with statutory salaries for applicable elected and appointed positions.
- Proper authorization of the Department of Agriculture's funds.
- Proper utilization of the Bank of North Dakota as the credit card processing depository (NDCC 54-06-08.2).

The criteria used to evaluate legislative intent are the laws as published in the *North Dakota Century Code* and the *North Dakota Session Laws*.

Government Auditing Standards require auditors to report all instances of fraud and illegal acts unless they are inconsequential within the context of the audit objectives. Further, auditors are required to report significant violations of provisions of contracts or grant agreements, and significant abuse that has occurred or is likely to have occurred.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. Thus, we concluded there was compliance with the legislative intent identified above.

Operations

Our audit of the Department of Agriculture included a review of operations surrounding the Pesticide Registration Program, Feed Program, Specialty Crop Block Grant, and Pride of Dakota credit card collections.

Pesticide Registration Program

Background:

North Dakota Century Code Chapter 19-18 requires all pesticides to be registered with the Department of Agriculture. Pesticides are identified as agricultural, industrial, and homeowner products that include insecticides, herbicides, fungicides, disinfectant, rodenticide, and any other product intended to kill, repel, or mitigate a pest. The program requires each product to be registered with the department every two years. In addition to registering products, the program conducts inspections of all pesticide dealers. Each dealer is inspected at a minimum of once every 3 years following the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) inspection manual.

Our audit of the Department of Agriculture's Pesticide Registration program procedures was designed and conducted to meet the following objectives:

- Was professional competence upheld through the hiring, training, and evaluating processes so as to ensure effective compliance with rules and regulations by all staff?
- Are regulated individuals required to get and maintain a license to certify that certain standards are met for operation within the pesticide industry?
- Has a systematic process been developed to monitor the activities of regulated individuals to ensure applicable requirements are being followed so as to adequately protect the public?
- Were complaints handled to ensure the individuals operating within the pesticide industry are in compliance with all applicable requirements and standards?
- Are regulations properly and effectively enforced in order to achieve the goals intended by the government such as safeguarding health and safety?
- Is there a systematic process for analyzing program-related information, making appropriate adjustments to improve the effectiveness and efficiency of the program, and reporting relevant summary information to the public and policy-makers about the results of the regulatory program?

We did not identify any significant issues of inefficient operations. However, we noted certain inconsequential instances involving operations that we have reported to the management of the Department of Agriculture in a management letter dated April 12, 2016.

Feed Program

Background:

North Dakota Century Code chapter 19-13.1 requires all commercial feed be registered by the manufacturer or the person whose name appears on the label prior to the product being distributed or offered for sale. In order for a product to be registered, a copy of the feed label must be submitted to the department for review and approval. Any individual that wants to distribute or sell the feed in the state must submit all necessary licensing information. There are two types of feed: medicated and non-medicated. Medicated feed contains medication while non-medicated feed does not. Facilities distributing medicated feed are subject to inspection by the Department under a contract with the Food and Drug Administration (FDA). Other inspections performed outside of the facilities distributing medicated feed may be subject to inspection under discretion of the Department.

Our audit of the Department of Agriculture's Feed Program procedures was designed and conducted to meet the following objectives:

- Was professional competence upheld through the hiring, training, and evaluating processes so as to ensure effective compliance with rules and regulations by all staff?
- Are regulated individuals required to get and maintain a current license to certify that certain standards are met for operation within the feed industry?
- Has a systematic process been developed to monitor the activities of regulated individuals to ensure applicable requirements are being followed so as to adequately protect the public?
- Were complaints handled to ensure the individuals operating within the pesticide industry are in compliance with all applicable requirements and standards?
- Are regulations properly and effectively enforced in order to achieve the goals intended by the government such as safeguarding health and safety?
- Is there a systematic process for analyzing program-related information, making appropriate adjustments to improve the effectiveness and efficiency of the program and reporting relevant summary information to the public and policy-makers about the results of the regulatory program?

We did not identify any significant issues of inefficient operations. However, we noted certain inconsequential instances involving operations that we have reported to the management of the Department of Agriculture in a management letter dated April 12, 2016.

Specialty Crop Block Grant

Background:

The purpose of the Specialty Crop Block Grant is to enhance competitiveness of specialty crops. Specialty crops are defined as fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops including floriculture. Anyone can apply to receive this grant as long as it benefits the industry as a whole and not one particular organization or person. Applicants submit a proposal for a minimum of one project that contains at least one expected measurable outcome. Applications are reviewed by a panel that scores the submitted proposal. Funds are awarded in order based on the overall scores given by the panel.

Our audit of the Department of Agriculture's Specialty Crop Block Grant procedures was designed and conducted to meet the following objectives:

- Were grants awarded using an adequate selection process?
- Are grantees required to submit status updates on their progress toward the established goal of the award?
- Do grant agreements include all important information such as necessary reports grantees must submit, conflict of interest, expected results, and any potential consequences?
- Are there established performance measures to identify whether funds received by grantees are being used to achieve objectives or require additional action due to noncompliance?
- Were the results of the grant reviewed to establish whether identified goals were achieved?

The results of our testing did not identify any significant instances of inefficient operations. In addition, there were no inconsequential items related to operations noted.

Pride of Dakota Credit Card Collections

Background:

The department began accepting credit cards as a form of payment for Pride of Dakota registrations, showcase fees, and supplies during our audit period. Pride of Dakota vendors have the option of utilizing the website to process their credit card or contacting the Department with their credit card information. Marketing and Information is the first division in the Department that is accepting credit cards as a form of payment.

Our audit of the Department of Agriculture's Pride of Dakota credit card collection procedures was designed and conducted to meet the following objectives:

- Is the Department of Agriculture's merchant account set up in accordance with NDCC section 54-06-08.2?
- Are reconciliation procedures ensuring completeness and accuracy for credit card collections in place and operating effectively?
- Have duties for the collection and reconciliation of credit card receipts been properly segregated?
- Is access to the Paypal account properly limited?
- Is the process in place for credit card collections efficient?

We did not identify any significant issues of inefficient operations. However, we noted certain inconsequential instances involving operations that we have reported to the management of the Department of Agriculture in a management letter dated April 12, 2016.

Management Letter (Informal Recommendations)

April 12, 2016

The Honorable Doug Goehring
Agriculture Commissioner
Department of Agriculture
600 E Boulevard Avenue
Bismarck, ND 58505

Dear Commissioner Goehring:

We have performed an audit of the Department of Agriculture for the biennium ended June 30, 2015, and have issued a report thereon. As part of our audit, we gained an understanding of the Department of Agriculture internal control structure to the extent we considered necessary to achieve our audit objectives. We also performed tests of compliance as described in the same report.

Our audit procedures are designed primarily to enable us to report on our objectives including those related to internal control and compliance with laws and regulations and may not bring to light all weaknesses in systems and procedures or noncompliance with laws and regulations which may exist. We aim, however, to use our knowledge of your organization gained during our work to make comments and suggestions which we hope will be useful to you.

In connection with the audit, gaining an understanding of the internal control structure, and tests of compliance with laws and regulations referred to above, we noted certain conditions we did not consider reportable within the context of your audit report. These conditions relate to areas of general business practice or control issues that have no significant bearing on the administration of federal funds. We do, however, want to present our recommendations to you for your consideration and whatever follow-up action you consider appropriate. During the next audit we will determine if these recommendations have been implemented, and if not, we will reconsider their status.

The following present our informal recommendations.

PESTICIDE REGISTRATION PROGRAM

Informal Recommendation 15-1: We recommend the Department of Agriculture develop policies and procedures for the Pesticide Registration Program to include the following components:

- Program specific training;
- Pesticide registration process;
- Complaint handling; and
- Overall program objectives

Informal Recommendation 15-2: We recommend the Department of Agriculture have information on how to file a complaint for the Pesticide Registration Program readily available to the public.

FEED PROGRAM

Informal Recommendation 15-3: We recommend the Department of Agriculture develop and document policies and procedures regarding the handling of complaints for the Feed program. We also recommend the Department make information for filing a complaint readily available to the public.

PRIDE OF DAKOTA CREDIT CARD COLLECTIONS

Informal Recommendation 15-4: We recommend the Department of Agriculture develop reconciliation procedures to ensure the amount of credit card revenue agrees to the total amount of memberships issued and supplies disbursed.

Informal Recommendation 15-5: We recommend the Department of Agriculture modify access to the Paypal.com account so more than one person has the ability to review account activity. We also recommend the Department conduct a reconciliation of revenue received in the merchant account at Bank of North Dakota to the activity in the Paypal.com account.

Management of Department of Agriculture agreed with these recommendations.

I encourage you to call me or an audit manager at 328-2241 if you have any questions about the implementation of recommendations included in your audit report or this letter.

Sincerely,



Lindsey Ressler
Auditor in-charge

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