



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF AGRICULTURE

**COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2013**

Release Date: March 13, 2014

Summary of Findings:

Total this audit:	11
Total last audit:	7
Repeated from last audit:	5

SYNOPSIS

- The Department did not exercise adequate controls over State Property.
- The Department was not able to locate computer equipment.
- Locally held fund reports were not properly completed and there was a lack of proper segregation of duties in the administration of Department funds.

{Expenditures and Activity Measures are summarized on the reverse page.}

**DEPARTMENT OF AGRICULTURE
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013**

EXPENDITURE STATISTICS	2013	2012	2011
Total Expenditures.....	\$ 98,524,246	\$ 101,234,982	\$ 97,065,201
OPERATIONS TOTAL.....	\$ 80,239,179	\$ 83,294,517	\$ 83,187,070
% of Total Expenditures.....	81.5%	82.3%	85.7%
Personal Services.....	16,898,068	21,615,814	7,051,007
Other Payroll Costs (FICA, Retirement).....	5,683,638	5,548,268	4,002,648
All Other Operating Expenditures.....	57,657,473	56,130,435	72,133,415
AWARDS AND GRANTS.....	\$ 16,184,848	\$ 16,510,632	\$ 13,045,510
% of Total Expenditures.....	16.4%	16.3%	13.4%
REFUNDS.....	\$ 260	\$ 2,790	\$ -
% of Total Expenditures.....	0.0%	0.0%	0.0%
PERMANENT IMPROVEMENTS.....	\$ 2,099,959	\$ 1,427,043	\$ 832,621
% of Total Expenditures.....	2.1%	1.4%	0.9%
Total Receipts.....	\$ 48,565,435	\$ 54,688,821	\$ 49,811,138
Average Number of Employees.....	332	391	415

SELECTED ACTIVITY MEASURES (Not Examined)	2013	2012	2011
Number of Inspections by Division			
Agricultural Products.....	5,840	6,296	6,091
Animal Health (Animals Tested).....	21	-	32
Animal Disease Laboratories (Tests Performed)...	92,749	174,420	309,737
Environmental Programs (Pesticides Misuse).....	103	110	66
Meat Inspections:			
Livestock (Head).....	879,040	1,041,295	908,225
Plants/Brokers.....	1,017	955	937
Compliance Reviews.....	5,768	8,610	8,355
Warehouses (Grain Examinations).....	800	882	605
Weights & Measures (Devices)	112,358	135,952	126,038
Racing horses (all types) foaled in Illinois.....	2,790	2,743	3,458
Conservation Practices Program Projects Approved	244	772	1,189
Total Marketing Expenditures (in thousands).....	\$ 3,918	\$ 3,739	\$ 3,666

AGENCY DIRECTOR

During Examination Period: Robert F. Flider (2/15/12 - Current), H.W. Devlin (12/17/11 - 2/14/12), James Larkin (10/19/11 - 12/16/11), Thomas Jennings (10/8/08 - 10/18/11)

Currently: Robert F. Flider

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

NEED TO IMPROVE CONTROLS OVER STATE PROPERTY

The Department did not exercise adequate controls over State property.

Some of the issues noted during our testing of property follow:

161 items, totaling \$78,920 were reported as lost or stolen

- 161 items, totaling \$78,920, were reported as lost or stolen. This amount represents 20% of all property deletions reported during the examination period.
- The 2013 Annual Real Property Utilization Report was not filed with the Department of Central Management Services (DCMS) in a timely manner. The report was filed with DCMS 61 days late on September 30, 2013.
- Two of the Department's 3 capital leases, each totaling \$5,789, were not reported to the Office of the State Comptroller on the Agency Report of State Property at June 30, 2013. These 2 leases were also not included in the Schedule of Changes in State Property within this report. (Finding 1, pages 9-10). **This finding has been repeated since 2007.**

We recommended the Department strengthen its controls over State property to minimize loss or theft of items and to ensure proper recording.

Department agrees with auditors

Department officials agreed with the finding and stated it will strengthen controls over State property to minimize loss of theft of items and to ensure their proper recording. *(For the previous Department response, see Digest Footnote #1.)*

INADEQUATE CONTROLS OVER COMPUTER EQUIPMENT

The Department was not able to locate computer equipment.

Computers and computer equipment could not be located

We reviewed the Department's Annual Certification of Inventory Reports submitted to DCMS and noted a number of missing computers and computer equipment. Through submission of this report in fiscal year 2012, the Department stated it was unable to locate 14 computers, totaling \$15,536. In fiscal year 2013, the Department affirmed it was unable to locate 19 computers, totaling \$16,778.

Equipment coded as lost

Missing computer equipment consisted of 22 desktop computers, 9 laptop computers, 1 zip drive, and 1 external hard drive. This equipment was coded as lost in the

Department's property records. Department personnel were not able to provide property transfer forms or any other documentation showing what happened to the computer equipment. The Department had not performed an assessment, and was unsure how much, if any, confidential information was on the missing computers. (Finding 2, pages 11-12).

We recommended the Department perform a detailed assessment to determine if any of the missing computer equipment contained confidential information. Also, the Department should modify its current practices to document the movement of computers to and from DCMS, and within the Department, and which computers contain encrypted software. Further, the Department should implement safeguards to prevent the theft and loss of computer equipment, including the encryption of computers susceptible to being stolen or damaged.

Department agrees with auditors

Department officials agreed with the finding and stated they will perform a detailed assessment to determine if any of the missing computer equipment contained confidential information. The Department will also modify its current practices to document the movement of computers to and from DCMS, and within the Department. The Department will also implement safeguards to prevent the theft and loss of computer equipment, including the encryption of computers susceptible to being stolen or damaged.

WEAKNESSES IN THE ADMINISTRATION OF LOCALLY HELD FUNDS

The Department did not properly complete the quarterly Report of Receipts and Disbursements for Locally Held Funds (C-17 report) submitted to the Office of the State Comptroller for two funds. In addition, the Department did not have proper segregation of duties in the administration of 5 Department funds.

During the testing of the C-17 reports we noted the following:

Reports of receipts and disbursements submitted to the Office of the State Comptroller did not agree to Department records

- All eight C-17 reports related to the Illinois Colt Stakes/Championship Purse Fund reported disbursements that did not agree to the Department's records. Disbursements were understated by a total of \$10,767 for the two years ended June 30, 2013.
- Three of eight Form C-17s tested for the White Experimental Farm Fund had errors in which the receipts and/or disbursements reported did not agree to the detailed accounting records. The total fiscal year 2013 dollar amount effect was an understatement of disbursements of \$350 and an understatement of receipts of \$5 on the Form C-17.

In addition, we determined one individual opens the mail, enters financial information, makes deposits and performs bank reconciliations for the following 5 funds: White Experimental Farm Fund (1335); Zell Farm Fund (1351); Agricultural Products Promotional Fund (1114); Illinois Agricultural Youth Institute Fund (1285); and Ask Illinois First Fund (1234). (Finding 3, pages 14-15)

We recommended the Department accurately and consistently prepare Receipts and Disbursement reports based on the information in their accounting records. Further, the Department should establish controls to ensure an adequate segregation of duties for locally held funds.

Department agrees with auditors

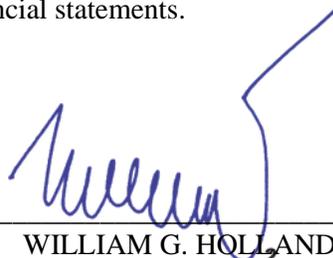
Department officials agreed with the finding and stated they will accurately and consistently prepare quarterly Form C-17s based on balances reported on the Department's accounting records and will also establish controls to ensure an adequate segregation of duties for locally held funds.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Department. We will follow up on our findings during our next examination of the Department.

AUDITORS' OPINION

We conducted a compliance examination of the Department of Agriculture as required by the Illinois State Auditing Act. The Department has no funds that require an audit leading to an opinion on financial statements.

A handwritten signature in blue ink, appearing to read 'William G. Holland', is written over a horizontal line. The signature is stylized and cursive.

WILLIAM G. HOLLAND
Auditor General

WGH:SKM:rt

AUDITORS ASSIGNED

Sikich, LLP were our special assistant auditors for this engagement.

DIGEST FOOTNOTES

#1 INADEQUATE CONTROLS OVER STATE PROPERTY - Previous Department Response

2011: The Department agrees with the finding and will strengthen its controls over State property to minimize loss or theft of items and to ensure their proper recording.