



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF AGRICULTURE

State Compliance Examination
 For the Two Years Ended June 30, 2021

Release Date: July 13, 2022

FINDINGS THIS AUDIT: 30				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	5	14	19	2019	1, 6, 8, 11, 16, 19	17	
Category 2:	7	4	11	2017	7, 9, 23	5, 21	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2015	2, 15		
TOTAL	12	18	30	2011	13, 14,		
				2009		18	
FINDINGS LAST AUDIT: 21				2007	3		

INTRODUCTION

Because of the significance and pervasiveness of the findings described within the report, we (the accountant's) expressed an **adverse opinion** on the Department's compliance with the specified requirements which comprise a State compliance examination. The Codification of Statements on Standards for Attestation Engagements (AT-C § 205.72) states a practitioner "should express an adverse opinion when the practitioner, having obtained sufficient appropriate evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter."

SYNOPSIS

- **(21-03)** The Department of Agriculture did not exercise adequate controls over State property.
- **(21-12)** The Department of Agriculture did not comply with the Animal Mortality Act.
- **(21-24)** The Department of Agriculture did not comply with the Cannabis Regulation and Tax Act.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE CONTROLS OVER STATE PROPERTY

The Department of Agriculture (Department) did not exercise adequate controls over State property.

The following exceptions were identified from our detailed testing of the Department's State property records:

- During our list to floor testing of 60 Department property items, we noted the following:
 - Seven (12%) items, totaling \$59,038, were not tagged.
 - Five (8%) items, totaling \$21,350, were unable to be located. The items that could not be located were two golf carts, two printers, and an ID card printer.
 - Two (3%) items, totaling \$24,287, appeared obsolete, but remained on the inventory listing and approval had not been requested to dispose of the items.
 - One (2%) item, totaling \$1,422, was not functional, but remained on the inventory listing and approval had not been requested to dispose of it.

 - During our floor to list testing of 60 Department property items, we noted the following:
 - Six (10%) items of undetermined value, all being golf carts, were physically identified, but not included in the Department's inventory listing.
 - Four (7%) items of undetermined value were not tagged. The items that were not tagged were a laminator, a refrigerator, a sand blaster, and a paint mixer.

 - During our testing of 42 property additions, we noted the following:
 - Ten (24%) items, totaling \$66,619, were recorded in the Department's property records more than 90 days after acquisition, ranging from 8 to 366 days late.
 - For 8 (19%) items, totaling \$669,950, the Department's property records did not indicate the date of when the Department received the items; therefore, we were unable to determine the timeliness of when the Department updated its property records.
 - For one (2%) item, totaling \$309, the Department was unable to provide supporting documentation of
- Items were not tagged**
- Items appeared obsolete but remained on inventory listing**
- Items were not included on the Department's inventory listing**
- Items were not tagged**
- Additions were recorded more than 90 days after acquisition**

the addition; therefore, we were unable to test the timeliness and adequacy of the item added to the Department's property records.

- For one (2%) item, totaling \$177, the Department entered the item in its property records 100 days before the received date.

- During our testing of obsolete and unused property, we noted 11 surplus/obsolete items found in the Department's storage room that could not be traced to the Department's Master Property List or any monitoring list for surplus/obsolete items. As a result, not only did we determine the Department lacked an adequate internal control process for the monitoring and tracking of these items, but we were also unable to determine the value of surplus/obsolete items missing from Department records.

- During our testing of 11 vouchers relating to equipment, totaling \$157,179, we noted 2 (18%) vouchers, totaling \$3,553, could not be traced to the annual inventory report filed with the Department of Central Management Services (DCMS) or the Department's inventory listing. (Finding 3, pages 17-20) **This finding has been reported since 2007.**

We recommended the Department strengthen its procedures over property and equipment to ensure accurate and timely recordkeeping and accountability for all State assets. We also recommended the Department work with the Office of the Governor and the Illinois General Assembly to obtain the resources necessary to address the safety conditions noted by the Office of the State Fire Marshal on Departmental grounds.

Department accepted the finding

The Department accepted this finding and stated the Bureau of Budget and Fiscal Services is developing a revised property policy and guidance document in order to communicate and train each Department employee on their responsibilities within the property control framework.

FAILURE TO INSPECT FACILITIES WHERE DEAD ANIMALS OR USED COOKING GREASE AND OIL ARE FOUND

Department failed to inspect all licensed facilities where dead animals or used cooking grease and oil were found.

The Department of Agriculture (Department) did not comply with the Animal Mortality Act. Specifically, we noted the Department failed to inspect all licensed facilities where dead animals or used cooking grease and oil were found during Fiscal Year 2020 and 2021. According to Department records, there were 33 and 32 active licenses in Fiscal Year 2020 and 2021, respectively. (Finding 12, page 44)

We recommended the Department allocate additional resources to ensure all licenses facilities under this Act are inspected annually as required by State law.

Department accepted the finding

The Department accepted this finding but stated the Department's position is that it is carrying out its regulatory authority as required by the Act.

NONCOMPLIANCE WITH THE CANNABIS REGULATION AND TAX ACT

The Department of Agriculture (Department) did not comply with the Cannabis Regulation and Tax Act.

During our testing of 8 cultivation center renewal licenses tested, we noted the following exceptions:

Renewal license was issued but the Department had not received a completed diversity report

- One (13%) renewal license tested was issued although the Department did not receive a completed diversity report.

During our testing, we requested the Department provide us a population of cultivation center agent identifications issued or renewed during the examination period.

Auditors could not determine the population of cultivation center agency identifications issued or renewed during the examination period was sufficiently precise and detailed

In response to our request, the Department was unable to provide us a population of cultivation center agency identifications issued or renewed during the examination period. The Department was only able to provide us a population of individuals who had received an initial identification card prior to the effective date of the mandate. Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35) to fully test the Department's compliance with requirements for cultivation center agency identification cards.

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing of 60 identification (ID) cards for cultivation center agents from the population the Department provided to us, and noted the following exceptions:

ID cards were not approved timely

- Three (5%) ID cards tested were not approved timely, ranging from 4 to 40 days late.
- For 19 (32%) cards tested, the Department was unable to provide the renewal application submission date; therefore, we were unable to test timeliness of the Department's approval/denial. (Finding 24, pages 74-75)

We recommend the Department allocate necessary resources in order to comply with the Act. Specifically, we recommend the Department establish policies and procedures to ensure licenses are timely approved or denied. Finally, we recommend the Department strengthen its internal controls to ensure it maintains complete and accurate populations of identification (ID) cards for cultivation center agents.

Department accepted the finding

The Department accepted this finding and stated it is working to increase staffing in the Division of Cannabis Regulation and will ensure staff are properly trained on statutory requirements for licensees.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Department. We will review the Department's progress towards the implementation of our recommendations in our next State compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Department for the two years ended June 30, 2021, as required by the Illinois State Auditing Act. Because of the effect of noncompliance described in Finding 2021-001 through 2021-003, 2021-006 through 2021-016, 2021-019, 2021-023, 2021-024, 2021-026, and 2021-029, the accountants stated the Department did not materially comply with the requirements described in the report.

This State compliance examination was conducted by Adelfia LLC.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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