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# REPORT DIGEST

## DEPARTMENT OF AGRICULTURE

### COMPLIANCE EXAMINATION

For the Two Years Ended:  
June 30, 2009

#### Summary of Findings:

Total this audit: 7

Total last audit: 8

Repeated from last audit: 4

Release Date:  
June 3, 2010



State of Illinois  
Office of the Auditor General  
**WILLIAM G. HOLLAND**  
AUDITOR GENERAL

To obtain a copy of the Report contact:  
Office of the Auditor General  
Iles Park Plaza  
740 E. Ash Street  
Springfield, IL 62703  
(217) 782-6046 or TTY (888) 261-2887

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### SYNOPSIS

- The Department did not have adequate control over State property and did not report deletions accurately.
- The Department did not comply with the minimum mileage usage per month rules for its vehicles.
- The Department did not collect penalty fees required by the Soil Amendment Act.

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

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**DEPARTMENT OF AGRICULTURE**  
**COMPLIANCE EXAMINATION**  
**For The Two Years Ended June 30, 2009**

EXPENDITURE STATISTICS	FY 2009	FY 2008	FY 2007
• <b>Total Expenditures (All Funds).....</b>	<b>\$118,546,163</b>	<b>\$123,651,437</b>	<b>\$124,478,201</b>
<u>OPERATIONS TOTAL</u> .....	\$90,581,803	\$90,356,273	\$93,035,659
% of <b>Total</b> Expenditures.....	76.4%	73.1%	74.7%
Personal Services .....	\$20,383,299	\$20,886,764	\$20,748,000
% of Operations Expenditures .....	22.5%	23.1%	22.3%
Average No. of Employees .....	429	437	454
Average Salary per Employee.....	\$47,514	\$47,796	\$45,700
Other Payroll Costs (FICA, Retirement).....	\$6,967,770	\$6,237,952	\$5,137,233
% of Operations Expenditures .....	7.7%	6.9%	5.5%
Interfund Cash Transfers .....	\$37,417,766	\$35,734,609	\$38,995,540
% of Operations Expenditures .....	41.3%	39.6%	41.9%
Contractual Services .....	\$4,978,563	\$5,117,849	\$4,395,534
% of Operations Expenditures .....	5.5%	5.7%	4.7%
Lump Sum .....	\$18,403,925	\$19,638,941	\$20,671,918
% of Operations Expenditures .....	20.3%	21.7%	22.2%
All Other Operations Items .....	\$2,430,480	\$2,740,158	\$3,087,434
% of Operations Expenditures .....	2.7%	3.0%	3.4%
<u>GRANTS, PERMANENT IMPROVEMENTS,</u> <u>AND REFUNDS EXPENDITURES - TOTAL</u> .....	\$27,964,360	\$33,295,164	\$31,442,542
% of <b>Total</b> Expenditures.....	23.6%	26.9%	25.3%
• <b>Cost of Property and Equipment.....</b>	<b>\$197,874,048</b>	<b>\$193,979,303</b>	<b>\$191,029,620</b>
SELECTED ACTIVITY MEASURES	FY 2009	FY 2008	FY 2007
Number of Inspections by Division*			
Agricultural Products.....	5,880	6,769	7,682
Animal Health (Animals Tested) .....	2,860	2,911	3,161
Animal Disease Laboratories (Tests Performed)	502,993	822,485	769,410
Environmental Programs (Pesticide Misuse) .....	116	114	89
Meat Inspections:			
• .... Livestock (Head).....	935,966	1,092,156	912,092
• .... Plants/Brokers .....	1,042	1,004	1,034
• .... Compliance Reviews.....	7,322	4,507	5,899
Warehouses (Grain Examinations) .....	695	742	890
Weights & Measures (Devices).....	127,326	133,552	112,839
Total Cash Receipts.....	\$49,988,791	\$64,070,951	\$62,876,610
Total Federal Expenditures (in thousands) .....	\$9,545	\$10,499	\$9,593
Racing horses (all types) foaled in Illinois* .....	4,542	5,254	5,930
Conservation Practices Program Projects Approved*	1,187	1,650	1,680
Total Marketing Expenditures (in thousands)* .....	\$3,505	\$2,946	\$3,332
* Not Examined			
<b>AGENCY DIRECTOR</b>			
During Audit Period: Mr. Charles A. Hartke (7/107-2/29/08); Mr. Thomas Jennings (10/8/08 – Current)			
Currently: Mr. Thomas Jennings			

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**CONTROLS OVER STATE PROPERTY NEED  
IMPROVEMENT**

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**Controls inadequate**

The Department did not have adequate control over State property and did not report deletions accurately.

During our testing of the quarterly Agency Reports of Fixed Assets (Form C-15) for the two-year examination period, we noted:

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**28% of property deletions  
were lost or stolen property**

- 218 items, totaling \$193,098 of the total deletions reported of \$686,493 (28%), were items that were lost or stolen.
- \$6,872 was stolen equipment including a computer, GPS equipment printer, freezer, a cordless drill and a battery charger.
- \$76,201 of the total deletions reported of \$686,493 (11%) was not reported in the quarter that the deletion occurred.
- 4 of 60 (7%) vouchers tested, totaling \$156,100, were not recorded in the Department's property control records.

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**Property deletions were not  
reported in proper period**

Department officials stated that property control was in a state of transition for a couple of years but has been assigned to one person since the end of fiscal year 2008. Department officials said lost and stolen property continues to remain a problem although the agency reduced its lost property by 36% from fiscal year 2009 to fiscal year 2010. (Finding #1, pages 10-11)

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**Lost and stolen property  
continues to remain a  
problem**

We recommended the Department strengthen its controls over State property to minimize loss or theft of items. In addition, we recommend the Department ensure that deletions for each quarter are reported accurately and timely on Form C-15 submitted to the Illinois Office of the Comptroller.

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**Agency officials agree with auditors**

Agency officials agreed with the finding and indicated they are taking steps to minimize theft and loss, and to solve the recording and reporting issues.

### **FAILURE TO COMPLY WITH MINIMUM MILEAGE USAGE PER MONTH FOR VEHICLES**

The Department did not comply with the minimum mileage per month rules for new and leased general purpose passenger vehicles.

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**Seven vehicles did not comply with mileage usage requirements**

During our testing, we noted 7 of the 37 (19%) vehicles tested did not comply with the minimum mileage usage of 1,500 miles per month. The mileage usage for these seven vehicles ranged from 322 miles to 1,481 miles per month.

Department personnel stated that failure to comply with the 1,500 mile rule was an oversight. (Finding #5, page 16)

We recommended the Department review the mileage usage of its general purpose passenger vehicles to ensure the requirement is being met or determine if it has a surplus of vehicles.

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**Agency officials agreed with the auditors**

Agency officials agreed with the finding and stated they would review its vehicle fleet and the assignment of cars to individuals.

### **FAILURE TO COLLECT PENALTY FEES**

The Department did not collect penalty fees required by the Soil Amendment Act.

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**Penalty fees not collected**

During our testing, we noted 4 of 20 (20%) renewal registrations tested were received by the Department later than 30 days after the expiration date. The Department did not collect penalty fees for these late registrants.

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**Failure to collect was an oversight**

Department personnel stated that failure to collect penalty fees for late applications was an oversight. (Finding #6, page 17)

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**Agency officials accepted the auditors' recommendation**

We recommended the Department implement procedures to ensure that penalty fees are collected for late registrants. Agency officials agreed with the finding and indicated they began collecting the penalty collecting in January 2010.

#### **OTHER FINDINGS**

The remaining findings are reportedly being given attention by the Department. We will review progress toward implementing our recommendations in our next examination.

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WILLIAM G. HOLLAND, Auditor General

WGH:JAF:pp

#### **SPECIAL ASSISTANT AUDITORS**

McGladrey & Pullen LLP were our special assistant auditors for this State compliance examination.