

LBA Financial Audit Report Summary:

Department Of Agriculture, Markets, And Food Financial Audit Report For The Six Months Ended December 31, 2008

Reporting Entity And Scope

The reporting entity of this audit and audit report is the Department of Agriculture, Markets, and Food, including the administratively attached Board of Veterinary Medicine and the State Conservation Committee. The scope of this audit and audit report includes the financial activity of the Department of Agriculture, Markets, and Food, including the administratively attached Board of Veterinary Medicine and the State Conservation Committee for the six months ended December 31, 2008. Unless otherwise indicated, references to the Department or auditee refer to the Department of Agriculture, Markets, and Food.

Organization

The Department of Agriculture, Markets, and Food is established in RSA 425:1 under the executive direction of a Commissioner of Agriculture, Markets, and Food. The Commissioner is appointed by the Governor, with the consent of the Executive Council for a term of five years. The Board of Veterinary Medicine is administratively attached to the Department by RSA 332-B:3, IV. RSA 425:14 directs the Commissioner of the Department to exercise general supervision over the clerical personnel of the State Board of Veterinary Medicine, who work within the Department's office.

The Department is organized into the following divisions:

Office of the Commissioner

The Office of the Commissioner is responsible for the general administrative and financial functions of the Department. The Office of the Commissioner also oversees the Soil Conservation Program of the State Conservation Committee.

Division of Agricultural Development

The Division of Agricultural Development works to bring producers and consumers together in the marketplace through promotional initiatives and marketing programs.

Division of Animal Industry

The Division of Animal Industry is responsible for the control and eradication of all contagious and infectious diseases of domestic animals and poultry in the state. The Division of Animal Industry also oversees the Animal Population Control Program.

Division of Pesticide Control

The Division of Pesticide Control works to ensure the safe and proper use of chemical pesticides by enforcing State pesticide laws affecting sale, storage and application of all registered pesticides, examining and licensing pesticide dealers and users, and registering all economic poisons sold and used within the state.

Division of Plant Industry

The Division of Plant Industry is responsible for the inspection of commercially grown nursery/greenhouse stock throughout the state.

Division of Regulatory Services

The Division of Regulatory Services is responsible for assuring compliance with New Hampshire laws and the administrative rules of the Department governing the marketing of certain farm commodities.

Division of Weights and Measures

The Division of Weights and Measures enforces all of the state's laws affecting the measurement of commodities moving in commerce. The Division of Weights and Measures also oversees the Agricultural Product and Scale Testing Program.

Board of Veterinary Medicine

The Board of Veterinary Medicine is responsible for the licensure and regulation of the veterinary profession, as outlined in RSA 332-B.

The Department had a total of 38 employees at December 31, 2008, including five part-time employees. The Board of Veterinary Medicine had one full-time employee.

Responsibilities

The Department's general functions and responsibilities are outlined in RSA 425:2, and include:

- I. Promoting and regulating agriculture in all its branches.
- II. Regulating all commercial transactions involving the measurement of weight, distance, volume, or time.

- III. Regulating the quality and grade of agricultural crops and supplies and food products. Nothing in this paragraph shall be construed to apply to dietary supplements as defined in 21 U.S.C. 321, as amended by the Dietary Supplement Health and Education Act of 1994, and as may be amended from time to time.
- IV. Gathering and disseminating information on agriculture, crop production, market activity, and other subjects consistent with the responsibilities of the Department.
- V. Cooperating with other agencies of the State and federal governments, the University of New Hampshire, commodity and consumer groups in the public interest and all who are engaged within this State in any form of agriculture, or its allied vocations, for advice on those activities.
- VI. Conducting such other activities as the statutes shall direct.

Funding

The financial activity of the Department is accounted for and reported in the General and Capital Projects Funds of the State of New Hampshire. A summary of the financial activity of the Department for the six months ended December 31, 2008 is shown in the following schedule.

Summary Of Department Financial Activity For The Six Months Ended December 31, 2008

	Unrestricted	Restricted	Total	
<u>General Fund</u>	<u>Revenues</u>	<u>Revenues</u>	<u>Revenues</u>	<u>Expenditures</u>
Office Of The Commissioner	\$ 408	\$ -0-	\$ 408	\$ 99,488
Division Of Agricultural Development	60,863	154,005	214,868	328,119
Division Of Animal Industry	18,460	17,373	35,833	360,709
Division Of Pesticide Control	661,507	229,530	891,037	352,189
Division Of Plant Industry	338	68,807	69,145	183,836
Division Of Regulatory Services	134,101	35,865	169,966	199,452
Division Of Weights And Measures	312,587	-0-	312,587	158,449
Agricultural Product And Scale Testing	175,150	176,325	351,475	75,669
Animal Population Control Program	-0-	111,290	111,290	257,988
Board Of Veterinary Medicine	113,354	-0-	113,354	42,607
Soil Conservation Program	<u>-0-</u>	<u>232,887</u>	<u>232,887</u>	<u>192,563</u>
Total General Fund	<u>1,476,768</u>	<u>1,026,082</u>	<u>2,502,850</u>	<u>2,251,069</u>
<u>Capital Projects Fund</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>110,668</u>
Total Capital Projects Fund	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>110,668</u>
Total Department	<u>\$ 1,476,768</u>	<u>\$ 1,026,082</u>	<u>\$ 2,502,850</u>	<u>\$ 2,361,737</u>

The auditor's report on the Department of Agriculture, Markets, and Food's financial statement was qualified, as the financial statement does not constitute a complete financial presentation of the Department in the General and Capital Projects Funds.

The audit report includes the auditor's report on internal control over financial reporting and on compliance and other matters. The following is a list of the comments in the report.

Internal Control Comments

Material Weakness

- Controls Over Revenue Processing Must Be Improved

Other Significant Deficiencies

- Information Sharing And Communications Should Be Improved
- Controls Over The Payroll Process Should Be Improved
- Expenditure Control Activities Should Be Monitored
- Motor Vehicle Usage Should Be Reviewed
- Controls Should Be Established For The Financial Activity Of The Board Of Veterinary Medicine
- Procedures Should Be Implemented To Ensure Accuracy Of Conservation License Plate Revenue
- Procedures Should Be Established To Remind Individuals Associated With The Department Of Their Need To File Statements Of Financial Interests
- Agreement For Inspectional Services Should Be Completed
- Conservation Easements Should Be Monitored
- Controls Over Compliance With Statewide Equipment Reporting Procedures Should Be Improved
- Controls Over Federal Program Compliance Should Be Improved

- Comprehensive Information Technology Policies And Procedures Should Be Developed
- Written Agreements With Associated Entities Should Be Established
- The Department Should Set Fee Methodology In Rule

Compliance Comments

- Compliance With Statutory Provisions Regarding Department Funds Should Be Established
- Administrative Rules Should Be Adopted
- Required Reports Should Be Submitted