

EXECUTIVE DIGEST

**ANIMAL INDUSTRY, DAIRY PRODUCTS,
FOOD, AND LABORATORY DIVISIONS**

INTRODUCTION

This report contains the results of our performance audit of the Animal Industry, Dairy Products, Food, and Laboratory Divisions, Department of Agriculture, for the period October 1, 1991 through April 30, 1994.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness and efficiency.

BACKGROUND

The Animal Industry, Dairy Products, Food, and Laboratory Divisions are responsible for ensuring the safety and quality of consumer products (ranging from food to gasoline), administering animal health programs, and ensuring the accuracy of devices used to measure quantities. The divisions issue licenses, conduct inspections, and enforce statutes and regulations involving animal shelters, dairy processing plants, grocery stores, and gasoline stations.

For fiscal year 1993-94, the Legislature appropriated approximately \$18 million for the operations of these four divisions. As of April 30, 1994, a total of 238 employees worked in the divisions.

**AUDIT OBJECTIVE,
CONCLUSION, AND
NOTEWORTHY
ACCOMPLISHMENT**

Audit Objective: To assess the effectiveness and efficiency of the divisions' operations for accomplishment of their goals and objectives.

Conclusion: We concluded that the divisions' operations were generally effective and efficient in accomplishing their goals and objectives. However, the department did not complete certain inspections according to inspection frequency schedules (Findings 1 and 2), and procedures were not established to account for and ensure that complaints were resolved (Finding 3).

Also, the Sample Management Information System was not effective and efficient in monitoring the analytical sample testing process (Finding 4), and controls were not maintained to account for pressnumbered license forms and pressnumbered inspection invoices (Findings 5 and 6).

Noteworthy Accomplishment: The department completed the steps necessary to fully implement the gasoline inspection, investigation, and testing program as required by the Motor Fuels Quality Act (Sections 290.641 - 290.650 of the *Michigan Compiled Laws*) by establishing a gasoline testing program using the new motor fuel quality laboratory.

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Animal Industry, Dairy Products, Food, and Laboratory Divisions, Department of Agriculture, for the period October 1, 1991 through April 30, 1994. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit methodology included reviewing applicable statutes and regulations, program descriptions, and division goals and objectives. We also reviewed and tested licensing procedures and files, inspection certificates, complaint procedures and files, and other department records. We assessed methods for establishing fees for analytical sampling tests. Also, we had discussions with agency personnel and assessed the adequacy of the divisions' procedures and internal controls.

**AGENCY
RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report includes 6 findings and 7 recommendations.

The department concurred with our recommendations.

The department had initiated action for or complied with 19 of our 22 prior audit recommendations.