



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF AGRICULTURE  
AND RURAL DEVELOPMENT

JAMIE CLOVER ADAMS  
DIRECTOR

August 20, 2013

Mr. Doug Ringler, Director  
Office of Internal Audit Services  
Office of the State Budget  
George W. Romney Building, 6<sup>th</sup> Floor  
111 South Capitol  
Lansing, Michigan 48913

Dear Mr. Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, enclosed is a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's audit report of the Performance Audit of the Food and Dairy Division, Michigan Department of Agriculture and Rural Development (MDARD), for the time period October 1, 2009, through May 31, 2012.

Questions regarding the summary table or corrective action plans should be directed to David Bruce, Chief Financial Officer, [bruced9@michigan.gov](mailto:bruced9@michigan.gov) or (517) 241-2467.

Sincerely Yours,

Signature Redacted

David M. Bruce, Director  
Operational Services and Central Licensing

DMB/jyd

Enclosure

cc: Dennis Muchmore, Executive Office, Office of Chief of Staff  
Thomas H. McTavish, Office of the Auditor General  
Mary Ann Cleary, House Fiscal Agency  
Ellen Jeffries, Senate Fiscal Agency  
Cath Petroskey, Clerk, House Agriculture Committee  
Ben Williams, Jr., Clerk, House Appropriations Committee  
Joe Hune, Chair, Senate Agriculture Committee  
Roger Kahn, Chair, Senate Appropriations Committee  
Bryan Weiler, Michigan Department of Technology, Management, and Budget  
Kevin Bese, Food and Dairy Division Director  
Sue Esser, Food and Dairy Division Deputy Director  
Heather Brewer, Food and Dairy Division Executive Secretary  
Jennifer Holton, Director of Communications  
Derek Bajema, Legislative Liaison, MDARD  
Jamie Clover Adams, Director, MDARD  
Gordon Wenk, Deputy Director, MDARD



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF AGRICULTURE  
AND RURAL DEVELOPMENT

JAMIE CLOVER ADAMS  
DIRECTOR

**Performance Audit of the Food & Dairy Division  
Michigan Department of Agriculture & Rural Development  
Summary of Agency Responses to Recommendations  
10/1/2009 thru 5/31/2012**

1. **Audit recommendations the agency complied with:**
  - NONE
  
2. **Audit recommendations the agency agrees with and will comply:**
  - **Finding 1:** Rec 1=October 1, 2016; Rec 2=October 1, 2016
  - **Finding 2:** Rec 3=October 1, 2016
  - **Finding 3:** Rec 4=October 1, 2014; Rec 5=October 1, 2014
  - **Finding 4:** Rec 6=October 1, 2016; Rec 7=October 1, 2014
  - **Finding 5:** Rec 8=October 1, 2016
  - **Finding 6:** Rec 9=October 1, 2014
  
3. **Audit recommendations the agency disagrees with:**
  - NONE

OAG Audits\FDD 60 Day Summary Response to OAG 082013 Exhibit B.doc

Michigan Department of Agriculture and Rural Development (MDARD)  
Food and Dairy Division Audit Summary, Recommendations and Proposed Corrections  
Review period: 10/1/09-5/31/12

MDARD Agrees with all findings and will work towards correction of all recommendations.

Food Service Program: Effective, no findings.

**FINDING 1:**

Dairy Program: 1&2- Moderately Effective, 3-Effective

\*1-Routine inspections (material condition): 17% >30 days late (farms and processing plants 7.6%)

1-Follow-up inspections (material condition): No follow-up scheduled for 69% of inspections where guidance suggests a follow-up should have been done. Documentation was not adequate for why decision was made to not conduct follow-up inspection.

Recommendation: 1. Conduct routine and follow-up inspections per law or guidelines.

**Proposed Correction:**

Short-term:

- Three additional dairy inspectors have been hired, trained and are currently working in field to assure division maintains proper inspection frequencies.
- A staff report will be developed that will provide comprehensive information on numerous quantity and quality elements of each dairy inspectors output, plus establish goals so that staff and supervisors can more easily assure minimum productivity and quality levels.
- A supervisor quality assurance policy will be developed to standardize quality review elements and allow the division to generate quality review metrics.
- Metrics are being developed to address all audit improvement areas, with goals and periodic tracking.
- Review and update procedures for staff to conduct and document their reasons for follow-up decisions.
- Correction will be completed by **October 1, 2014**.

Long-term:

- Implement an electronic inspection system and smart mobile hardware to improve dairy program productivity. MDARD currently has an initiative in progress to obtain a department-wide inspection and licensing system.
- Correction will be completed by **October 1, 2016**, pending availability of funding.

1-Plans (material condition): No documentation that plans approved as required.

Recommendation: 2. Retain documentation of approval for remodeling or equipment for dairy manufacturing plants.

**Proposed Correction:**

Short-term:

- Procedures will be developed for staff to document plan review approvals for dairy manufacturing plants.
- Correction will be completed by **October 1, 2014**.

Michigan Department of Agriculture and Rural Development (MDARD)  
Food and Dairy Division Audit Summary, Recommendations and Proposed Corrections  
Review period: 10/1/09-5/31/12

Long-term:

- Implement an electronic inspection system and smart mobile hardware to improve dairy program plan review recordkeeping capabilities. MDARD currently has an initiative in progress to obtain a department-wide inspection and licensing system.
- Correction will be completed by **October 1, 2016**, pending availability of funding.

**FINDING 2:**

**2-Records (reportable condition):**

- 12% of insp. forms, license applications or entire files couldn't be located
- 12% of dairy farms not in DFIS
- 19% of Grade A farms not in DFIS
- 61% of active haulers and sampler records not updated in database
- 59% of tanker truck records not updated in database
- No electronic system to record inspections

**Recommendation: 3.** Develop a centralized system to maintain complete dairy inspection records.

**Proposed Correction:**

Short-term:

- A part-time student administrative support position has been approved to be hired approximately October 1, 2013 to assist with keeping data entry current.
- Correction will be completed by **October 1, 2014**.

Long-term:

- Implement an electronic inspection system and smart mobile hardware to improve dairy program recordkeeping capabilities. MDARD currently has an initiative in progress to obtain a department-wide inspection and licensing system.
- Correction will be completed by **October 1, 2016**, pending availability of funding.

**FINDING 3:**

**3-Certified Industry Field Reps (reportable condition) :**

- 14% of licenses issued did not verify accuracy of field work by conducting and comparing results of 25 inspections.
- 5% of license renewals issued did not verify accuracy of field work by conducting and comparing results of 10 inspections.
- 27% of licenses did not have documentation of attendance at required training (MDIC Conference).

**Recommendation: 4.** License CIFR's in accordance with the Grade A Milk Law of 2001.

**Proposed Correction:**

Finding 3a:

- MDARD will properly conduct the initial and recertification of CIFRs according to the Grade A Milk Law of 2001. MDARD dairy field staff will conduct the 25 initial farm certification inspections with the CIFR to be licensed prior to the issuance of a license.

Michigan Department of Agriculture and Rural Development (MDARD)  
Food and Dairy Division Audit Summary, Recommendations and Proposed Corrections  
Review period: 10/1/09-5/31/12

- These reports will be submitted to their regional supervisor which will include the original copy of their inspection report and the original inspection report written by the CIFR. The regional supervisor will review and confirm that both reports are attached for each farm certification written and submit the reports to the Lansing office. The Lansing office staff will enter the inspection reports into the Excel spreadsheet used to determine if the CIFR inspection reports agree within 80% or higher with the MDARD dairy field staff's inspection report. If the CIFR's inspection reports do not agree within 80% of the MDARD dairy field staff's reports, the Lansing staff must report this to the regional supervisor requesting that the certification exercise be repeated and reports resubmitted. Copies of these reports will be kept on file for each CIFR according to the record retention schedule.
- MDARD dairy field staff will conduct the 10 farm recertification inspections with the CIFR to be re-licensed prior to the issuance of a license. These reports will be submitted to their regional supervisor which will include the original copy of their inspection report and the original inspection report written by the CIFR. The regional supervisor will review and confirm that both reports are attached for each farm certification written and submit the reports to the Lansing office. The Lansing office staff will enter the inspection reports into the Excel spreadsheet used to determine if the CIFR inspection reports agree within 80% or higher with the MDARD dairy field staff's inspection report. If the CIFR's inspection reports do not agree within 80% of the MDARD dairy field staff's reports, the Lansing staff must report this to the regional supervisor requesting that the certification exercise be repeated and reports resubmitted. Copies of these reports will be kept on file for each CIFR according to the record retention schedule.
- The Lansing office staff will maintain a database of all licensed CIFRs and the status of their license and dates for recertification. This information will be shared with the dairy industry; MDARD supervisors and field staff to assure all CIFRs are properly certified and licensed according to the Grade A Milk Law of 2001.
- Correction will be completed by **October 1, 2014**.

**Recommendation: 5.** Ensure and document that CIFR's receive required training.

Finding 3b:

- MDARD will maintain documentation to validate that the CIFRs meet the training requirements set forth by the Grade A Milk Law of 2001, specifically Section 5 of the Pasteurized Milk Ordinance. MDARD dairy staff will require each CIFR attending the annual Michigan Dairy Industry Conference (MDIC) to sign an attendance sheet upon registration for the conference. This information will be checked against the list of licensed CIFRs to determine if all CIFRs attended the annual training program (MDIC). Any CIFRs not attending the MDIC must be reported to the regional supervisors who will arrange equivalent training for the CIFR. All reports documenting the annual training of CIFR will be kept on file in the Lansing office according to the record retention schedule.
- Correction will be completed by **October 1, 2014**.

Michigan Department of Agriculture and Rural Development (MDARD)  
 Food and Dairy Division Audit Summary, Recommendations and Proposed Corrections  
 Review period: 10/1/09-5/31/12

**Dairy Farm Customer Survey Results:**

97% were satisfied or very satisfied with the inspection process.

94% agreed with violations identified

**Dairy Plant Customer Survey Results:**

93% were satisfied or very satisfied with the inspection process.

79% agreed with violations identified

**FINDING 4:**

**Food Program:** 4-6: Moderately Effective

**4-Routine inspections (material condition):** 48% of inspections due not completed per current schedule.

Number of months since last inspection	Number of Active Establishments
91-121	284
73-90	179
55-72	296
37-54	786
19-36	2,224
7-18	2,255
TOTAL	6,324

**4-Follow-up inspections (material condition):**

- 2% not conducted
- 12% >30 days

**4- Resources (material condition):** Food section is 10-11 inspector FTE's short of having required resources to conduct inspections per current schedule.

**Recommendation: 6.** Conduct routine and follow-up inspections in accordance with the Michigan Food Law of 2000.

**Proposed Correction:**

Short-term:

- A vacant, funded, food inspector position has been approved to be filled on October 1, 2013, pending receipt of anticipated grant funding from FDA.
- A staff report is being finalized that will provide comprehensive information on numerous quantity and quality elements of each food inspectors output, plus establish goals so that staff and supervisors can more easily assure minimum productivity and quality levels.
- A supervisor quality assurance policy is being finalized to standardize quality review elements and allow the division to generate quality review metrics.
- Metrics are being developed to address all audit improvement areas, with goals and periodic tracking. Emergency evaluation frequencies will be set to complement the desired frequency schedule and monitored for routine and follow-up evaluations to assure that evaluations that are not done at desired frequencies are completed at least by the emergency frequency point.
- Correction will be completed by **October 1, 2015.**

Michigan Department of Agriculture and Rural Development (MDARD)  
Food and Dairy Division Audit Summary, Recommendations and Proposed Corrections  
Review period: 10/1/09-5/31/12

Long-term:

- Replace MI-Inspector with a new electronic inspection system and smart mobile hardware to improve productivity of existing staff. MDARD currently has an initiative in progress to obtain a department-wide inspection and licensing system.
- Propose:
  - Adding additional inspection staff and appropriate supervision to be able to evaluate all food facilities at the department's established frequencies.
  - Adding additional auditing resources and make all audit functions across the division more seamless by sharing best practices and coordinating auditing efforts. The division currently has various levels of auditing present in its food service, food inspection and dairy programs.
- Correction will be completed by **October 1, 2016**, pending availability of funding.

**4-Temporary (fair) licenses (material condition):** 52% of records not available for previous year.

**Recommendation: 7.** Maintain inspection records for temporary food establishments in accordance with MDARD's records retention and disposal schedule.

**Proposed Correction:**

- Updated procedures are currently being finalized to assure that all fair licenses issued are reconciled against applications, and all applications, inspections and licenses are organized into a packet for each fair. A verification process will assure that each fair packet is received and reviewed for completeness. Records will be stored centrally for the record retention period.
- Correction will be completed by **October 1, 2014**.

**FINDING 5:**

**5-MI-Inspector (reportable condition):** Not calculating and scheduling next routine inspection due correctly and did not consistently document date that a complaint was assigned to an inspector, therefore can't verify if complaints were investigated in a timely manner.

**Recommendation: 8.** Modify MI-Inspector to accurately record and process inspection and consumer complaint data.

**Proposed Correction:**

Short-term:

- Procedures to get quick supervisor evaluation approval, which makes the next routine evaluation generate, are being implemented. To fix these bugs in MI-Inspector would take approximately \$30-50,000 and not be completed until end of 2013 per DTMB estimates. This expenditure and timeframe is not justified with the expected implementation of a new system in 2014.
- Correction will be completed by **October 1, 2014**.

Long-term:

- Replace MI-Inspector with a new electronic inspection system and smart mobile hardware to improve productivity of existing staff. MDARD currently has an initiative in progress to obtain a department-wide inspection and licensing system.
- Correction will be completed by **October 1, 2016**, pending availability of funding.

Michigan Department of Agriculture and Rural Development (MDARD)  
Food and Dairy Division Audit Summary, Recommendations and Proposed Corrections  
Review period: 10/1/09-5/31/12

**FINDING 6:**

**6-Recalls (reportable condition):** 2% of recalls had effectiveness checks. 98% had no documentation why effectiveness check not completed. Documentation not maintained of requests for inspectors to conduct recall effectiveness checks and that those requested were completed.

**Recommendation: 9.** Improve monitoring of voluntary food product recalls.

**Proposed Correction:**

- The recall database has been modified to document the reason for MDARD's decision regarding whether to have MDARD staff conduct recall effectiveness checks. Procedures for documenting recall effectiveness checks by staff and better documenting completed checks are being developed.
- Correction will be completed by **October 1, 2014.**

**Food Customer Survey Results:**

100% satisfied/very satisfied with the inspection process.  
100% agreed with violations identified