

Office of the Auditor General
Preliminary Survey Summary

Geagley Laboratory
Michigan Department of Agriculture and Rural Development

December 2018

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • audgen.michigan.gov

Doug A. Ringler, CPA, CIA
Auditor General

December 21, 2018

Mr. Bob Kennedy, Chair
Michigan Commission of Agriculture and Rural Development
and
Mr. Gordon Wenk, Director
Michigan Department of Agriculture and Rural Development
Constitution Hall
Lansing, Michigan

Dear Mr. Kennedy and Mr. Wenk:

This is our preliminary survey summary of the Geagley Laboratory, Michigan Department of Agriculture and Rural Development. Because we did not identify significant concerns that would warrant the additional use of our audit resources, we have decided to terminate the planned performance audit.

We appreciate the courtesy and cooperation extended to us during our preliminary survey. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

A handwritten signature in black ink that reads "Doug Ringler". The signature is written in a cursive, slightly slanted style.

Doug Ringler
Auditor General

PRELIMINARY SURVEY SUMMARY

GEAGLEY LABORATORY

RESULTS

Our preliminary survey did not identify significant concerns that would warrant the additional use of our audit resources to complete a performance audit. Therefore, we have terminated this project and did not conduct sufficient testing to conclude on the Geagley Laboratory's overall effectiveness or efficiency.

FACTORS IMPACTING AUDIT TERMINATION

- We reviewed 32 samples from the Motor Fuels Quality Testing, Pesticide, and Microbiology Programs and traced each sample through the testing process from receipt to disposal. These three programs maintained a proper chain of custody and appropriately controlled the products during testing. Also, each sample was processed within established turnaround times.
- The Geagley Laboratory quality assurance staff ensured that the Motor Fuels Quality Testing, Pesticide, and Microbiology Programs complied with the Laboratory's standard operating procedures by conducting reviews and audits of the three programs' operations and product testing procedures.
- Sample results are reviewed by managerial and quality assurance staff for the Pesticide Program prior to submitting the results to the customer.
- Each of the three programs is subject to 3 or more proficiency tests from independent sources during each calendar year. For 2016 and 2017, the programs passed each of these proficiency tests with 100% accuracy.
- The Pesticide Data Program was audited in July 2017 by the United States Department of Agriculture (USDA). No significant findings were noted during that audit. Also, the Pesticide and Environment Program reports its fiscal year operations results to the United States Environmental Protection Agency's Region 5 office.
- The Microbiology Dairy Program is audited triennially by the Food and Drug Administration (FDA). The last audit was conducted on June 14, 2017 with only minor deviations noted.
- The Geagley Laboratory maintained accreditation of its Pesticide and Microbiology Programs from the American Association for Laboratory Accreditation, which assesses both programs every two years for compliance with applicable standards. The accreditation review noted only minor findings during the 2017 assessments.

BACKGROUND

Description: The Geagley Laboratory is responsible for performing data analysis and scientific testing for various Michigan Department of Agriculture and Rural Development (MDARD) and federal programs. The Laboratory is organized into three major testing sections: Food, Fuel and Disease; Pesticide; and Microbiology. We reviewed three programs from these sections:

- Motor Fuels Quality Testing Program - Tests gasoline and diesel fuel, on behalf of MDARD's Consumer Protection Section, Laboratory Division, to ensure that the products meet State quality standards. Also, gasoline sold in higher population areas is monitored for evaporative properties during the summer months.
- Pesticide Program - Composed of two major functions: the Pesticide Data Program and the Pesticide and Environment Program. The Pesticide Data Program tests food products on behalf of the USDA. Its primary objective is to provide statistically based data on the level of pesticide residues in food products. The USDA dictates the products and quantities that the Geagley Laboratory must test. The Pesticide and Environment Program receives requests from the general public to analyze the application of pesticides and determine the adverse effects of misapplication of pesticide products on foliage, soil, food, water, and other items. The Pesticide and Plant Pest Management Division collects the samples and receives the test results.
- Microbiology Program - Conducts testing of two product groups: dairy and food. Dairy Microbiology tests dairy products for coliforms, generic *E. coli*, prohibited substances, somatic cell count (an indication of infection in the cow's udder), and phosphatase to ensure that dairy products for human consumption are pasteurized, pure, and disease free. Analytical data from the testing is provided to the Food and Dairy Division to enforce the Michigan Grade "A" Dairy Law, the Michigan Manufactured Milk Act, and the Michigan Dairy Laws of 2007.

Food Microbiology monitors the safety of fresh fruits, vegetables, and ready-to-eat foods for human consumption by monitoring for pathogens. Analytical data from the testing is provided to the Food and Dairy Division in support of its enforcement of the Michigan Food Law. The Laboratory is accredited by the American Association for Laboratory Accreditation for the biological field of testing.

In most instances, the programs receive the samples from various MDARD division inspectors. For some testing within Food Microbiology and the Pesticide Data Program, the Geagley Laboratory personnel obtain the samples by

purchasing products from distribution centers that furnish the products to retail stores which sell the items to the general public. The Laboratory tests the samples and communicates the results back to the party that provided the samples. Turnaround times for sample testing and analysis range from 10 to 90 days. The associated MDARD divisions are responsible for enforcement action on samples that tested positive for a harmful substance.

Expenditures: For fiscal year 2017, the Geagley Laboratory incurred expenditures of \$8.3 million.

Employees: As of November 5, 2018, the Geagley Laboratory had 57 full-time employees.

SCOPE

Our preliminary survey generally covered October 1, 2016 through October 31, 2018 and included a review of the processes within three Geagley Laboratory programs: Motor Fuels Quality Testing Program, Pesticide Program, and Microbiology Program.

PURPOSE

Within a performance audit, we design the preliminary survey to obtain an understanding of the core activities within an entity or a program and to identify potential program improvements and/or deficiencies that could impair management's ability to conduct its operations in an effective and efficient manner. If the results of a preliminary survey do not identify significant concerns, our practice is to terminate the planned performance audit.

Preliminary survey procedures are limited in nature and should not be considered a completed performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. In addition, our preliminary survey procedures would not necessarily disclose the presence or absence of any material conditions and/or reportable conditions. Given that the procedures we employed did not constitute a performance audit, we will not issue a performance audit report and we do not express conclusions regarding the Geagley Laboratory's effectiveness or efficiency.



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