

Office of the Auditor General  
Performance Audit Report

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**Livestock Markets Program**  
Animal Industry Division  
Michigan Department of Agriculture and Rural Development

January 2024

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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.

The auditor general may make investigations pertinent to the conduct of audits.

*Article IV, Section 53 of the Michigan Constitution*

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Office of the Auditor General

## Report Summary

### *Performance Audit*

### *Livestock Markets Program*

### *Animal Industry Division (AID) Michigan Department of Agriculture and Rural Development (MDARD)*

**Report Number:**  
**791-0211-23**

**Released:**  
**January 2024**

AID is responsible for administering the Livestock Markets Program to license and regulate those engaged in the buying, receiving, selling, transporting, exchanging, negotiating, or soliciting sale, resale, exchange, or transportation of livestock to prevent the spread of infections and contagious diseases. The Laboratory and Consumer Service Division's Central Licensing Unit issues livestock entity licenses. AID field inspectors conduct on-site inspections of Livestock Markets Program licensees and are composed of veterinarians, animal health inspectors, and dairy industry field scientists. The Livestock Markets Program is managed by one employee. As of June 2023, MDARD licensed 233 markets, buying stations, collection points, dealers, and truckers. Between October 1, 2021 and June 30, 2023, the Livestock Markets Program expended \$77,330 for the administration of this Program and received \$27,875 in licensing fees.

Audit Objective			Conclusion
Objective 1: To assess the effectiveness of MDARD's licensing of Livestock Markets Program licensees.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Of the 43 licenses we reviewed, MDARD issued 3 (7%) without having a completed application and did not collect or refund license fees from 3 (7%) licensees. Also, 2 (7%) of 27 operating entities were not issued licenses and 3 (9%) of 33 licenses were not assessed late fees ( <a href="#">Finding 1</a> ).		X	Agrees

Audit Objective	Conclusion
Objective 2: To assess the sufficiency of MDARD's efforts to monitor the Livestock Markets Program licensees.	Sufficient, with exceptions

<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
MDARD was missing or had incorrect information in 9 (50%) of 18 inspection reports. Also, MDARD did not perform any inspections for Class III and Class IV licensees between 2020 and 2022 ( <u>Finding 2</u> ).		X	Agrees
MDARD did not have processes to ensure licensees were sufficiently bonded to cover possible losses ( <u>Finding 3</u> ).		X	Agrees

<b>Audit Objective</b>			<b>Conclusion</b>
Objective 3: To assess the sufficiency of MDARD's efforts to ensure the accuracy of the Livestock Markets Program data.			Sufficient, with exceptions
<b>Findings Related to This Audit Objective</b>	<b>Material Condition</b>	<b>Reportable Condition</b>	<b>Agency Preliminary Response</b>
Livestock Markets Program databases need improved user access controls. Two (4%) of 48 users with access were not AID employees and 11 (23%) users did not require database access. Also, because there were no audit logs, MDARD could not identify the user responsible for backdating a license's issue date ( <u>Finding 4</u> ).		X	Agrees

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**Doug A. Ringler, CPA, CIA**  
Auditor General

January 17, 2024

Andy Chae, Chair  
Michigan Commission of Agriculture and Rural Development  
and  
Dr. Tim Boring, Director  
Michigan Department of Agriculture and Rural Development  
Constitution Hall  
Lansing, Michigan

Chair Chae and Dr. Boring:

This is our performance audit report on the Livestock Markets Program, Animal Industry Division, Michigan Department of Agriculture and Rural Development.

We organize our findings and observations by audit objective. Your agency provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

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

Doug Ringler  
Auditor General



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# AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

# LICENSING OF LIVESTOCK MARKETS PROGRAM LICENSEES

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## BACKGROUND

The Licensing Livestock Dealers Act (Public Act 284 of 1937, as amended) requires those engaged in the business of buying, selling, transporting, or negotiating the sale and transfer of livestock to be licensed and bonded. The Michigan Department of Agriculture and Rural Development (MDARD) is responsible for ensuring compliance with the Act.

Four license classes are available, and each class allows the licensee to operate at all classes below it (higher class numbers) without requiring additional licenses:

License Class	Entity	Annual License Fee
Class I	Livestock Auction* Operator	\$400
Class II	Buying Station* Operator	\$250
Class III	Dealer*, Broker, Agent, Collection Point Operator	\$ 50
Class IV	Livestock Trucker*	\$ 25

MDARD receives initial applications from new applicants and annual renewal applications from licensees. Applications must include:

- Owner and business contact information.
- A list of all individuals employed by or operating under the applicant's license.
- License fee.
- Truck and trailer information if the business activities include hauling livestock.
- Surety bond\* information for Class I or II licenses.

Applicants who submit a complete application must be issued a license within 60 days. Incomplete applications shall be returned to the applicant within 30 days of receipt, describing the deficiency and requesting additional information. If licenses are not issued in a timely manner, MDARD shall return the applicant's license fee and reduce the license fee for the next renewal application by 15%.

Renewal applications are due by October 1 of the licensing year and are effective until September 30. Applications received after October 1 are assessed \$10 per day late, with a maximum late fee of \$100.

\* See glossary at end of report for definition.

<b>AUDIT OBJECTIVE</b>	To assess the effectiveness* of MDARD's licensing of Livestock Markets Program licensees.
<b>CONCLUSION</b>	Effective.
<b>FACTORS IMPACTING CONCLUSION</b>	<ul style="list-style-type: none"> <li>• MDARD issued 481 (99.6%) of 483 licenses in a timely manner for licensing year 2022 and 2023.</li> <li>• MDARD maintained surety bonds for all 10 sampled Class I and II license applications.</li> <li>• MDARD assessed and collected the correct fee for 40 (93%) of 43 sampled license applications.</li> <li>• Reportable condition* related to the license application and issuance processes (Finding 1).</li> </ul>

\* See glossary at end of report for definition.

## FINDING 1

### Improvements needed in licensing processes.

MDARD needs to improve internal control\* over the license application and issuance process to ensure livestock licensing records are complete and accurate and in accordance with the *Michigan Compiled Laws*.

Section 287.123 of the *Michigan Compiled Laws* (Public Act 284 of 1937, as amended) prescribes the requirements for livestock license application, issuance, and assessment of late fees and refunds.

Our review of the livestock licensing records noted MDARD did not:

- a. Ensure licensees submit complete applications. Three (7%) of 43 licenses had missing information, such as trailer license plate number, owner information, corporation name and address, and the applicant's signature.
- b. Collect or refund license fees from 3 (7%) of 43 licensees. Specifically, MDARD:
  - (1) Did not refund excess payment amounts to two licensees who each paid for two license classes in error.
  - (2) Issued a license to one applicant who did not submit the required license fee. Also, MDARD issued the license 100 days after the date of application.
- c. Monitor applications in pending status or follow up on unreturned renewal letters. We identified 2 (7%) of 27 licensees operating without a license for 10 months or more of the licensing year.
- d. Issue licenses to the appropriate applicant. MDARD inadvertently wrote over the record of another company.
- e. Assess appropriate late fees for license renewal applications received after October 1 for 3 (9%) of 33 license applications, ranging from 7 to 34 business days late.

## RECOMMENDATION

We recommend MDARD improve internal control over the license application and issuance process.

## AGENCY PRELIMINARY RESPONSE

MDARD provided us with the following response:

*MDARD agrees with the recommendation. MDARD has taken steps towards improvement within the Central Licensing Unit*

\* See glossary at end of report for definition.

*(CLU) beginning in August 2023. To further improve internal control over the license application and issuance process, MDARD will perform a lean process improvement (LPI) to identify gaps to be addressed in preparation for decommissioning the Licensing Database and replacing it with the Licensing Portal System (LPS).*

# MONITORING OF LIVESTOCK MARKETS PROGRAM LICENSEES

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## BACKGROUND

MDARD conducts on-site inspections of licensees to ensure compliance with the Licensing Livestock Dealers Act. Inspection activities include, but are not limited to, the examination of:

- Buildings and vehicles to ensure construction is sufficient to facilitate sanitation and animal safety.
- Animals, for required identification and tests.
- Records to determine the origin and destination of livestock.

Licensees operating a livestock auction or buying station must be sufficiently bonded. Also, these licensees must maintain a producer's proceeds account and deposit the amount due to sellers or consignors\* of livestock sold through an auction within seven days following the auction. Annually, licensees are required to submit a sworn statement of average weekly sales. MDARD is responsible for approving the amount of the surety bonds and periodically auditing the producer's proceeds account to ensure licensees are in compliance with the Act.

## AUDIT OBJECTIVE

To assess the sufficiency of MDARD's efforts to monitor the Livestock Markets Program licensees.

## CONCLUSION

Sufficient, with exceptions.

## FACTORS IMPACTING CONCLUSION

- MDARD assigned, performed, and documented 96% of all Class I and Class II inspections for licensing year 2022.
- MDARD assigned 100% of Class I and Class II inspections and 50% of Class III and Class IV inspections for licensing year 2023.
- Reportable condition related to oversight of inspections (Finding 2).
- Reportable condition related to the monitoring of licensee livestock sales activity and bond amounts (Finding 3).

\* See glossary at end of report for definition.

## FINDING 2

### Improvements needed in MDARD's oversight of livestock markets inspections.

MDARD should improve its oversight of licensee inspections to help ensure inspections are complete and accurately documented. Improved oversight will help prevent the spread of livestock infection or communicable diseases.

MDARD developed guidance for inspectors to ensure licensees meet the requirements of the Licensing Livestock Dealers Act (Public Act 284 of 1937, as amended) and provide clarification for completing inspections and the required documentation. MDARD has an internal goal\* of annually performing 100% of Class I and II inspections and 40% of Class III and IV inspections.

We reviewed 18 inspection reports completed between October 1, 2021 and June 30, 2023 and conducted site visits to observe seven licensees' inspections. Our review disclosed MDARD did not:

- a. Submit complete inspection reports. Specifically:
  - (1) 6 (33%) of 18 inspection reports were missing the licensee signature which signifies the inspector shared the results of the inspection with the licensee.
  - (2) 9 (50%) of 18 inspection reports had missing or incorrect information, such as the MDARD license number. The accuracy of this information helps ensure MDARD inspects the correct licensee.
- b. Maintain accurate inspection report documentation. The recorded date on 1 (6%) of 18 completed inspection reports was not supported by the date on the inspector's travel log.
- c. Complete inspections in accordance with MDARD guidance. We observed inspectors not examining the entire facility during the inspection for 2 (50%) of 4 Class I inspections to help ensure the facility is adequately maintained and animals are handled humanely.
- d. Conduct any inspections for Class III or Class IV licensees between fiscal years 2020 and 2022.

For part a., MDARD informed us it did not consider these fields to be required. For part b., MDARD stated it was unable to determine a cause of the discrepancy because the employee was no longer employed. For part c., MDARD informed us inspectors prioritized high-risk areas during inspections rather than inspecting the entire facility. For part d., MDARD stated its resources were redirected to manage the bovine tuberculosis surveillance program and the avian influenza virus outbreak during this time.

\*See glossary at end of report for definition.

**RECOMMENDATION**

We recommend MDARD improve its oversight of licensee inspections to help ensure the inspections are complete and accurately documented.

**AGENCY  
PRELIMINARY  
RESPONSE**

MDARD provided us with the following response:

*MDARD agrees with the recommendation. MDARD will perform a lean process improvement (LPI) to identify gaps to be addressed in preparation for decommissioning the Work Order Database and replacing it with USAHERDS. MDARD is also establishing an inspection workgroup to develop best practices for standardization and consistency of inspection processes throughout the division.*



### FINDING 3

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**Process needed to review sales and proceeds accounts to help ensure licensees are sufficiently bonded.**

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MDARD did not develop and implement a process to review surety bond information, licensee sales, and producers' proceeds accounts. Doing so will help protect the financial transactions between livestock buyers and sellers.

A livestock auction operator or buying station operator (licensee) must submit a surety bond with their license application and maintain a producer's proceeds account. The surety bond is required to protect persons from whom livestock is purchased or for whom livestock is sold and ensures funds are available to cover claims made against a licensee for unpaid consigned livestock sales.

Our review disclosed MDARD did not:

- a. Ensure surety bond amounts were appropriate. Section 287.123, subsection 3.(10), of the *Michigan Compiled Laws* requires a livestock auction operator or buying station operator to be bonded for an amount equal to the gross dollar volume of livestock business conducted during the average week of the previous licensing year and shall not be less than \$1,500.
- b. Require sworn statements of average weekly sales since 2012. Section 287.123, subsection 3.(17), of the *Michigan Compiled Laws* requires a dealer or broker to file a sworn statement with MDARD on January 1 of each year which documents the average weekly sales and the number and species of livestock purchased and sold during the previous year.
- c. Conduct audits of producers' proceeds accounts since 2015. Livestock auctions and buying stations are required to deposit funds equal to the total owed within seven calendar days of the auction. Failure to make the deposits in their entirety is a violation of Section 287.123a of the *Michigan Compiled Laws* which states MDARD shall periodically audit producers' proceeds accounts.

MDARD stated it did not require annual sworn statements of weekly sales; therefore, it had not developed procedures to review these statements. Also, procedures for completing periodic audits of the producers' proceeds accounts had not been developed.

### RECOMMENDATION

We recommend MDARD develop and implement a process to review surety bond information, licensee sales, and producers' proceeds accounts in compliance with *Michigan Compiled Laws*.

**AGENCY  
PRELIMINARY  
RESPONSE**

MDARD provided us with the following response:

*MDARD agrees with the recommendation. To develop and implement a process to review surety bond information, licensee sales, and producer's proceeds accounts, MDARD will work with the Producer Security Program within the department to refine processes previously utilized and develop new processes where none currently exist.*

## ACCURACY OF LIVESTOCK MARKETS PROGRAM DATA

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### BACKGROUND

MDARD maintains Livestock Markets Program data in two Microsoft Access databases: the Animal Industry Division\* (AID) licensing database and the work order database.

MDARD uses the AID licensing database to:

- Enter license application information.
- Store licensee data.
- Issue licenses.
- Identify the licensees needing an inspection.

MDARD uses the work order database to schedule inspections and track complaints.

### AUDIT OBJECTIVE

To assess the sufficiency of MDARD's efforts to ensure the accuracy of the Livestock Markets Program data.

### CONCLUSION

Sufficient, with exceptions.

### FACTORS IMPACTING CONCLUSION

- MDARD entered accurate data into the databases for selected reviewed fields, including name and most recent inspection date for 94% of licensees.
- Reportable condition related to database access controls\* (Finding 4).

\* See glossary at end of report for definition.

## FINDING 4

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### Improved database access controls needed.

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MDARD should improve its user access controls over the Livestock Markets Program's databases to help protect the data from unauthorized use, modification, or destruction and ensure the integrity\* of the data.

State of Michigan Technical Standard 1340.00.020.01 requires State agencies to establish a process to control and document the assignment of application access rights based on current job responsibilities. The Standard also requires access to be managed, controlled, and periodically reviewed to ensure user access is based on the principle of least privilege\*.

As of July 18, 2023, 48 users had access to at least one of the Livestock Markets Program's databases. We noted MDARD did not:

- a. Delete or disable users' accounts when the user no longer needed access. We identified 2 (4%) users who were not AID employees. MDARD informed us both employees had access to temporarily help AID and should have been removed.
- b. Restrict unnecessary user access. We identified 11 (23%) users with a work function related to another program which is housed in the same database. Because multiple programs' data is housed in the same database, MDARD was unable to restrict access to Livestock Markets Program's data.
- c. Have controls in place to monitor database activity, such as an audit log. We identified one instance of a license in pending status subsequently being issued with a backdated effective date. MDARD informed us no tracking measures are built in the database to track record changes.

## RECOMMENDATION

We recommend MDARD improve user access controls over the Livestock Markets Program's databases.

## AGENCY PRELIMINARY RESPONSE

MDARD provided us with the following response:

*MDARD agrees with the recommendation. To improve user access controls over the Livestock Markets Program's databases, MDARD plans to replace the existing databases (AID's Licensing Database and AID's Work Order Database) with LPS and USAHERDS. Moving to these new systems will allow MDARD to utilize user access roles to improve data security, edit tracking, and transparency. In addition, on September 18, 2023, accounts were disabled for two users found to be employees outside of the department.*

\* See glossary at end of report for definition.



## PROGRAM DESCRIPTION

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AID protects the public's health and the health of domestic animals, livestock, and pets. The State veterinarian within MDARD is responsible for overall livestock and poultry disease programs and toxic substance contamination concerns as they relate to animal health. AID also works on the eradication of animal diseases, which in turn helps provide for the importation and exportation of healthy livestock. These efforts have a significant impact on human health and welfare through the protection of the food supply.

AID is responsible for administering the Livestock Markets Program to provide regulatory oversight on animal welfare, disease control, and traceability issues pertaining to livestock marketing activities. The Livestock Markets Program licenses and regulates entities engaged in buying, receiving, selling, transporting, exchanging, negotiating, or soliciting the sale, resale, exchange, or transportation of livestock. The entities are required to maintain records of transfer of livestock and be licensed and bonded when appropriate. In addition, licensed livestock facilities and transport vehicles must be well maintained to ensure animal welfare and human safety and to prevent the spread of infections and contagious diseases.

AID field inspectors conduct on-site inspections of Livestock Markets Program licensees and are composed of veterinarians, animal health inspectors, and dairy industry field scientists. The Livestock Markets Program is managed by one employee.

Between October 1, 2021 and June 30, 2023, the Livestock Markets Program expended \$77,330 and receipted \$27,875 in revenue. It should be noted revenue is greater during the fourth quarter of the fiscal year. MDARD licensed 250 and 233 markets, buying stations, collection points, dealers, and truckers in licensing years 2022 and 2023, respectively. The supplemental information details the number of in-state licensees by county from October 1, 2022 through June 30, 2023.

## AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

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### AUDIT SCOPE

To examine the records and processes of the Livestock Markets Program. We conducted this performance audit\* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As part of the audit, we considered the five components of internal control (control environment, risk assessment, control activities, information and communication, and monitoring activities) relative to the audit objectives and determined all components were significant.

### PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered October 1, 2021 through June 30, 2023.

### METHODOLOGY

We conducted a preliminary survey of the Livestock Markets Program. During our preliminary survey, we:

- Interviewed MDARD management and staff to obtain an understanding of their processes related to licensing and licensee inspections.
- Obtained an understanding of the AID licensing and work order databases.
- Reviewed applicable *Michigan Compiled Laws* and MDARD's 2022 Animal Industry Division Annual Report.
- Analyzed Livestock Markets Program expenditures and revenues from October 1, 2021 through June 30, 2023.
- Conducted site visits at a livestock auction and a buying station to observe the inspection process.
- Performed a limited review of license applications for licensing years 2022 and 2023.
- Performed a limited review of inspection reports completed between October 1, 2021 and June 30, 2023.
- Reviewed data within the AID licensing and work order databases.

\* See glossary at end of report for definition.

## **OBJECTIVE 1**

To assess the effectiveness of MDARD's licensing of Livestock Markets Program licensees.

To accomplish this objective, we:

- Interviewed MDARD Livestock Markets Program and Central Licensing Unit\* staff and the Michigan Department of Transportation Accounting Service Center\* staff to gain an understanding of the processes for license applications and issuance.
- Randomly and judgmentally selected 43 of 483 licensees active during the audit period to determine if:
  - Applications were complete before licenses were issued.
  - Licenses were issued in a timely manner.
  - Appropriate fees were assessed and collected.
  - Refunds and discounts were applied appropriately.
  - Surety bonds were obtained from applicable licensees.
- Analyzed 27 licenses issued in one licensing year but not renewed in the prior or subsequent licensing year of the audit period to ensure all operating entities were issued licenses.
- Examined the fees assessed and collected for 33 late license renewal applications received after October 1.

Our random samples were selected to eliminate any bias and enable us to project the results to the license population. We selected other samples judgmentally based on risk and could not project the results to the license population.

## **OBJECTIVE 2**

To assess the sufficiency of MDARD's efforts to monitor the Livestock Markets Program licensees.

To accomplish this objective, we:

- Interviewed MDARD Livestock Markets Program staff, field coordinators, and inspector to obtain an understanding of the processes used to inspect and monitor licensees.
- Observed MDARD's inspections of 4 livestock auction operators, 1 buying station operator, and 2 livestock truckers.

\* See glossary at end of report for definition.



Specifically, we:

- Randomly and judgmentally selected 4 of 21 livestock auction operators and 1 of 6 buying station operators. Judgmentally selected samples were based on location and risk.
- Selected 2 livestock truckers based on MDARD informing us of their upcoming inspections.
- Randomly and judgmentally selected 18 of 30 inspection reports from the audit period to evaluate if:
  - Inspection reports were completed, included accurate licensee information, and were signed by the licensee.
  - MDARD performed timely follow-up of issues identified during inspections.
  - All inspection documentation was maintained.
- Analyzed inspection data to determine whether MDARD assigned and performed inspections to meet internal goals.

Our random samples were selected to eliminate any bias and enable us to project the results to the license population. We selected other samples judgmentally based on risk and could not project the results to the license population.

### **OBJECTIVE 3**

To assess the sufficiency of MDARD's efforts to ensure the accuracy of the Livestock Markets Program data.

To accomplish this objective, we:

- Interviewed MDARD and Department of Technology, Management, and Budget staff to gain an understanding of a user's access roles and privileges within the AID licensing and work order databases.
- Evaluated the appropriateness of individual's access to the AID licensing and work order databases.
- Assessed the accuracy of the data between AID licensing and work order databases.

### **CONCLUSIONS**

We base our conclusions on our audit efforts and any resulting material conditions\* or reportable conditions.

\* See glossary at end of report for definition.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

**AGENCY  
RESPONSES**

Our audit report contains 4 findings and 4 corresponding recommendations. MDARD's preliminary response indicates it agrees with all of the recommendations.

The agency preliminary response following each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

**SUPPLEMENTAL  
INFORMATION**

Our audit report includes a map of in-state licensees by county presented as supplemental information. Our audit was not directed toward expressing a conclusion on this information.

## **GLOSSARY OF ABBREVIATIONS AND TERMS**

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<b>access controls</b>	Controls that protect data from unauthorized modification, loss, or disclosure by restricting access and detecting inappropriate access attempts.
<b>Animal Industry Division (AID)</b>	The division within MDARD responsible for protecting the public's health and the health of domestic animals, livestock, and pets. The Livestock Markets Program is one of several programs in AID.
<b>buying station</b>	A Class II licensee facility where livestock are brought and purchased by the facility owner for the purpose of movement or resale.
<b>Central Licensing Unit</b>	The unit within MDARD's Laboratory and Consumer Service Division responsible for receiving license applications from the Michigan Department of Transportation Accounting Service Center; inputting the application information into the AID licensing database; and issuing livestock entity licenses.
<b>consignor</b>	The person who delivers goods to the consignee for sale. In a consignment contract, the consignee takes responsibility for the goods and sells them. Until the goods are sold, the consignor does not lose ownership of the goods.
<b>dealer</b>	A Class III licensee in the business of purchasing livestock to resell them within 21 days.
<b>effectiveness</b>	Success in achieving mission and goals.
<b>goal</b>	An intended outcome of a program or an entity to accomplish its mission.
<b>integrity</b>	Accuracy, completeness, and timeliness of data in an information system.
<b>internal control</b>	The plan, policies, methods, and procedures adopted by management to meet its mission, strategic plan, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.

<b>livestock auction</b>	A Class I licensee facility where livestock are brought to be consigned and sold by auction.
<b>livestock trucker</b>	A Class IV licensee in the business of transporting livestock for others at least six times per year.
<b>material condition</b>	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
<b>MDARD</b>	Michigan Department of Agriculture and Rural Development.
<b>Michigan Department of Transportation Accounting Service Center</b>	A center responsible for receiving license applications and fees; depositing the fees into the Michigan Cashiering and Receivable System (MiCaRs); and remitting the applications through interdepartmental mail to MDARD's Central Licensing Unit.
<b>performance audit</b>	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
<b>principle of least privilege</b>	The practice of limiting access to the minimal level that will allow normal functioning. Applied to employees, the principle of least privilege translates to giving people the lowest level of user access rights they can have and still do their jobs. The principle is also applied to things other than people, including programs and processes.
<b>reportable condition</b>	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.
<b>surety bond</b>	A written guarantee of payment up to the face amount of the bond if the livestock auction or buying station operator fails to meet their obligations for the covered business activities.









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