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Report Summary

Performance Audit

Livestock Markets Program

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

Report Number:
791-0211-23

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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 (Finding 1).		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

Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
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

Audit Objective			Conclusion
Objective 3: To assess the sufficiency of MDARD's efforts to ensure the accuracy of the Livestock Markets Program data.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
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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