



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF AGRICULTURE
AND RURAL DEVELOPMENT

DR. TIM BORING
DIRECTOR

March 7, 2025

Mr. Richard Lowe, Chief Internal Auditor
State Budget Office
Office of Internal Audit Services
111 S Capitol Ave
8th Floor, Romney Building
Lansing MI 48933

Dear Mr. Lowe,

In accordance with the State of Michigan, Financial Management Guide, Part VII, enclosed is our final corrective action plan to address recommendations contained within the Office of the Auditor General report of the Michigan Department of Agriculture and Rural Development for Livestock Markets Program (791-0211-23).

Questions regarding the corrective action plan should be directed to Sylvia Renteria, Director of Finance and Budget at 517-599-3605 or by email at renterias@michigan.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Sylvia Renteria".

Sylvia Renteria

Enclosure (1)

c: Executive Office: JoAnne Huls, Sheila Marshall-Curtis, Trish Foster
Office of the Auditor General: Doug Ringler
House Fiscal Agency: Mary Ann Cleary
Senate Fiscal Agency: Kathryn Summers
House and Senate Appropriation Committees: Ann Bollin, Sarah Anthony
House and Senate Appropriation Sub-Committees: Ken Borton, John Cherry
House and Senate Standing Committees: Jerry Neyer, Sue Shink
MDARD: Director Dr. Tim Boring, Chief of Staff Kathy Angerer, Chief Operating Officer Ken McFarlane, Bureau Director Tim Slawinski

**Michigan Department of Agriculture and Rural Development
Performance audit report on the Livestock Markets Program**

Project Number: 791-0211-23

Issued By OAG

January 17, 2024

Department Final Corrective Action Plan

Summary Response Matrix

	Complied	Will Comply	Partially Complied	Will Not Comply
Agrees		1, 2, 3, 4		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number 1

Finding Title: Improvements needed in licensing processes.

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

Related IT system, if applicable: Licensing Database

Department Response

Management Views: MDARD agrees.

Planned Corrective Action and Milestones (Management Response):

MDARD will initiate steps to change the licensing of livestock dealers from a paper-based system to an online system utilizing the MDARD Licensing Portal System (LPS) where producers manage and pay for licenses online. LPS will contain workflow that will be tracked in the system, requiring quality controls for the outlined and required

steps of the process. In addition, compensating controls and monitoring activities will be developed and implemented during the transition to the new system.

Milestones

1. Submit Lean Process Improvement (LPI) application (10/31/27).
2. Completion of LPI efforts to identify the process and business requirements for LPS (5/31/28).
3. Secure funding for move to LPS (9/30/28).
4. LPS livestock dealer license system development (12/31/28).
5. LPS livestock dealer license implementation (12/31/29).

Anticipated Compliance Date: December 31, 2029

Responsible Individual: Animal Industry Division Director, Dr. Jennifer Calogero

Finding Number 2

Finding Title: Improvements needed in MDARD's oversight of livestock markets inspections.

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

Related IT system, if applicable: Work Order Database

Department Response

Management Views: MDARD agrees.

Planned Corrective Action and Milestones (Management Response):

MDARD will initiate steps to create a livestock dealer inspection system to replace the division data management system, currently within an IT system named USAHerds. The system will contain workflow that will be tracked in the system, requiring quality controls for the outlined and required steps of the process. In addition, compensating controls and monitoring activities will be developed and implemented during the transition to the new system.

Milestones:

1. Submitted LPI application (10/10/23).

2. Completion of LPI efforts to identify the process and business requirements for USAHerds (or other system) (12/31/25).
3. Secure funding for implementation (9/30/25).
4. Livestock dealer inspection system development (12/31/26).
5. Livestock dealer inspection system implementation (6/30/27).

MDARD will also establish an inspection workgroup to improve livestock dealer inspection procedures.

Milestones:

1. Establish workgroup goals and objectives (12/31/25).
2. Identify workgroup members (12/31/25).
3. Initiate workgroup meetings (12/31/25).
4. Develop and update livestock inspection procedures (12/31/26).
5. Train staff on updated livestock inspection procedures (12/31/26).

MDARD will develop a workload prioritization and planning model to assess and identify annual goals for these non-mandatory livestock dealer inspections as field staff workload allows. The program will implement a risk-based prioritization approach to identify inspection schedules in coordination with other mandatory inspection activities.

Milestones:

1. Initiated workload prioritization and planning model development (2/27/24).
2. Obtained leadership approval for model (3/6/24).
3. Implemented workload prioritization and planning model (3/12/24).

Anticipated Compliance Date: December 31, 2027

Responsible Individual: Animal Industry Division Director, Dr. Jennifer Calogero

Finding Number 3

Finding Title: Process needed to review sales and proceeds accounts to help ensure licensees are sufficiently bonded.

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*.

Related IT system, if applicable: N/A

Department Response

Management Views: MDARD agrees.

Planned Corrective Action and Milestones:

MDARD will 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.

Milestones:

1. Collaborated with MDARD staff across bureaus to develop procedures (5/1/24).
2. Tested procedures with a cooperating market (7/1/24).
3. Revise procedures, as needed (4/30/25).
4. Notify applicable licensees of forthcoming audits (6/30/25).

Anticipated Compliance Date: June 30, 2025

Responsible Individual: Livestock Dealer program manager, Dr. Theresa Drysdale

Finding Number 4

Finding Title: Improved database access controls needed.

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

Related IT system, if applicable: Licensing Database and Work Order Database

Department Response

Management Views: MDARD agrees.

Planned Corrective Action and Milestones:

MDARD will implement user access controls over the Livestock Markets Program's databases by replacing the existing databases (AID's Licensing Database and AID's Work Order Database) with LPS and USAHERDS. Moving the management of licensing and inspections into these systems will allow MDARD to utilize user access roles to improve data security, edit tracking, and transparency. In addition,

compensating controls and monitoring activities will be developed and implemented during the transition to the new system.

Milestones:

1. Submitted LPI application (10/10/23).
2. Completion of LPI efforts to identify the process and business requirements for USAHerds (or other system) (12/31/25).
3. Secure funding for implementation (9/30/25).
4. Livestock dealer inspection system development (12/31/26).
5. Livestock dealer inspection system implementation (6/30/27).

Milestones

1. Submit LPI application (10/31/27).
2. Completion of LPI efforts to identify the process and business requirements for LPS (5/31/28).
3. Secure funding of for move to LPS (9/30/28).
4. LPS livestock dealer license system development (12/31/28).
5. LPS livestock dealer license implementation (12/31/29).

Anticipated Compliance Date: December 31, 2029

Responsible Individual: Animal Industry Division Director, Dr. Jennifer Calogero