

Report on the

**Department of Agriculture and Industries
State of Alabama
Montgomery, Alabama**

October 1, 2015 through September 30, 2019

Filed: July 29, 2022



**Department of
Examiners of Public Accounts**

**401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
P.O. Box 302251
Montgomery, Alabama 36130-2251
Website: www.examiners.alabama.gov**

Rachel Laurie Riddle, Chief Examiner



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Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 242-9200
FAX (334) 242-1775

Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on the Department of Agriculture and Industries, Montgomery, Alabama, for the period October 1, 2015 through September 30, 2019. Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

A handwritten signature in blue ink that reads 'JaCorey Carter'. The signature is written in a cursive, slightly stylized font.

JaCorey Carter
Examiner of Public Accounts

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Department of
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EXAMINER'S SUMMARY

**Department of Agriculture and Industries
October 1, 2015 through September 30, 2019**

PURPOSE AND SCOPE OF THE EXAMINATION

This report presents the results of an examination of the Department of Agriculture and Industries (the “Department”) and a review of the Department’s compliance with applicable laws and regulations of the State of Alabama. This examination was conducted in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12. The examination was performed to determine whether the public officers, agents, and employees of the Department properly and lawfully accounted for all money and other public assets or resources received, disbursed, or in the custody of the Department.

The examination included procedures to determine whether the Department complied with state laws and regulations that pertain to financial transactions; personnel; safeguarding of state-owned assets, property, and resources; information dissemination, processing, and retention; and official actions, rulemaking procedures, and meetings. The Department’s internal control policies and procedures relating to the areas listed above were also reviewed; however, this examination did not encompass managerial and operational matters, such as whether the Department accomplished its mission or its regulatory, enforcement, investigative, or other oversight activities in an efficient, fair, timely, or legal manner.

The mission and purpose of the Department is described in the accompanying [Agency Overview](#). The Department’s financial information is shown on [Exhibit 1](#).

RESULTS OF THE EXAMINATION

Nonconsumable personal property in the custody of the Department was compared with the property records maintained by the Property Inventory Control Division of the State Auditor’s Office, as required by *Code of Alabama 1975*, Section 36-16-9. No discrepancies were noted.

FINDINGS

The following instances of noncompliance with State laws and regulations and other matters were found during the examination as shown on the Schedule of State Legal Compliance and Other Findings and they are summarized below.

- ◆ **2019-001:** The Department has not enrolled into the Systemic Alien Verification for Entitlements (SAVE) program.
- ◆ **2019-002:** The Department did not submit the required annual audits and reporting by promotional associations in accordance with the *Code of Alabama 1975*, Title 2 Chapter 8. This finding was originally reported as Finding 2015-004.

EXIT CONFERENCE

An exit conference was held on June 30, 2022. Individuals in attendance were: Rick Pate, Commissioner; Patrick B. Moody, Deputy Commissioner; Bob Plaster, Assistant Commissioner; N. Gunter Guy Jr., General Counsel; Cynthia Gilchrist, Administrative Assistant; Michael Frazier, General Services Supervisor; Shannon Hughes, Property Manager; and Gwen Barnett, Accounting Director. Also, in attendance were: Kirk Moore, Helena Bryant and Lois Brown from the Department of Examiners of Public Accounts.



Department of
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AGENCY OVERVIEW

**Department of Agriculture and Industries
October 1, 2015 through September 30, 2019**

The Department of Agriculture and Industries (the “Department”), operates under the authority of the *Code of Alabama 1975*, Sections 2-1-1 through 2-32-17. The Department’s mission is to provide timely, fair and expert regulatory control over product, business entities, movement, and application of goods and services for which applicable state and federal law exists and strive to protect and provide service to Alabama consumers. The Board Members and Official in charge of governance of the Department are shown on [Exhibit 2](#). Additional Information regarding the Department is located on their website at <https://agi.alabama.gov/>.

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*Schedule of State Legal
Compliance and Other Findings*

Schedule of State Legal Compliance and Other Findings
October 1, 2015 through September 30, 2019

Ref. No.	Finding/Noncompliance
2019-001	<p><u>Finding:</u></p> <p>The <i>Code of Alabama 1975</i>, Section 31-13-29(a), states “public records transaction means applying for or renewing a motor vehicle license plate, applying for or renewing a driver's license or nondriver identification card, applying for or renewing a business license, applying for or renewing a commercial license, or applying for or renewing a professional license.”</p> <p>The <i>Code of Alabama 1975</i>, Section 31-13-29(b), states “an alien not lawfully present in the United States shall not enter into or attempt to enter into a public records transaction with the state or a political subdivision of the state and no person shall enter into a public records transaction or attempt to enter into a public records transaction on behalf of an alien not lawfully present in the United States.”</p> <p>The <i>Code of Alabama 1975</i>, Section 31-13-7(i), states “the verification that an alien seeking state or local public benefits is an alien lawfully present in the United States shall be made through the Systematic Alien Verification for Entitlements (SAVE) program.”</p> <p>The <i>Code of Alabama 1975</i>, Section 31-13-29(h), states “if the state or a political subdivision thereof is notified by the federal government that a person is an alien unlawfully present in the United States, the person's motor vehicle license plate, driver's license, nondriver identification card, business license, professional license, or commercial license shall, should they exist, be immediately revoked or rescinded by the appropriate authorities and shall not be reinstated until the state or a political subdivision thereof is notified by the federal government that the person is an alien lawfully present in the United States.”</p> <p>The Department of Agriculture and Industries has not completed enrollment in the SAVE program.</p> <p>As a result, the Department of Agriculture and Industries is not in compliance with the Systematic Alien Verification for Entitlements (SAVE) program and could enter into public records transactions with or on behalf of an alien not lawfully present in the United States.</p> <p><u>Recommendation:</u></p> <p>The Department of Agriculture and Industries should enroll in the Systematic Alien Verification for Entitlements (SAVE) program used to verify documentation presented by non-citizen applicants and ensure applicants are lawfully present in the United States before entering into public records transactions.</p>

Schedule of State Legal Compliance and Other Findings
October 1, 2015 through September 30, 2019

Ref. No.	Finding/Noncompliance
2019-002	<p><u>Finding:</u></p> <p>The <i>Code of Alabama 1975</i>, Title 2 Chapter 8, requires certain promotional associations to provide an audit prepared by a certified public accountant following the close of the associations' fiscal year every two years. Fourteen of the sixteen audits required during our examination period were received by the Board of Agriculture and Industries. Of the audits received, it could not be determined if the audits were filed timely.</p> <p>The <i>Code of Alabama 1975</i>, Title 2 Chapter 8, requires certain promotional associations to provide an annual financial statement within 90 days following the close of a certified association's fiscal year. Of the thirty-two annual financial statements required during our examination period, twenty-eight were received by the Board of Agriculture. Of the financial statements received, it could not be determined if the statements were filed timely.</p> <p>The <i>Code of Alabama 1975</i>, Title 2, Chapter 19, states the Boll Weevil Eradication Program will provide an annual audit prepared by a certified public accountant. Of the four audits that were required of the program within in our examination period, no audits were submitted to Department of Agriculture and Industries for this program.</p> <p>The Department of Agriculture and Industries did not have adequate procedures in place to ensure that required audits and other reporting requirements were submitted as required. As a result, there is diminished Departmental oversight if the associations and organizations do not submit the required reports or submits them late.</p> <p>This finding was originally reported as Finding 2015-004.</p> <p><u>Recommendation:</u></p> <p>The Department of Agriculture and Industries should ensure that the required auditing and reporting requirements for promotional associations and organizations are in compliance with the applicable laws.</p>

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Financial Information

Schedule of Cash Receipts, Disbursements and Balances
For the Period October 1, 2017 through September 30, 2019

	2018-2019	2017-2018
Receipts		
General Fund Allotments	\$ 12,392,977.00	\$ 11,423,531.00
Rents and Leases	33,216.00	33,216.00
Other Nonoperating Revenues	(30,556,328.50)	(28,106,282.66)
Grants	6,956,630.10	6,722,255.58
Transfers In		809.94
Insurance Recovery Proceeds	37,850.42	
Total Receipts	<u>(11,135,654.98)</u>	<u>(9,926,470.14)</u>
Disbursements		
Personnel Costs	17,091,123.37	16,465,674.99
Employee Benefits	7,152,812.53	6,861,962.38
In-State Travel	718,053.78	648,294.12
Out-of-State Travel	228,971.88	174,567.22
Repairs and Maintenance	1,075,668.53	273,143.60
Rentals and Leases	824,258.80	2,514,515.01
Utilities and Communication	911,153.62	848,557.73
Professional Services	1,235,477.69	1,428,462.48
Supplies, Materials, and Operating Expenses	2,307,773.59	1,832,356.55
Transportation Equipment Operations	445,658.24	414,526.98
Grants and Benefits	6,118,046.10	4,163,910.71
Transportation Equipment Purchases	564,467.37	564,034.16
Other Equipment Purchases	1,457,143.95	1,279,228.05
Miscellaneous	9,781,358.86	9,660,895.61
Current Year General Fund Reversions	0.67	200,000.00
Total Disbursements	<u>49,911,968.98</u>	<u>47,330,129.59</u>
Excess (Deficiency) of Receipts Over Disbursements	(61,047,623.96)	(57,256,599.73)
Cash Balances at Beginning of Year	21,337,084.53	12,688,762.27
Balance Sheet Activity Impacting Total Ending Cash	<u>61,926,295.36</u>	<u>65,904,921.99</u>
Cash Balances at End of Year	<u>\$ 22,215,755.93</u>	<u>\$ 21,337,084.53</u>

Other Information

Board Members and Official
October 1, 2015 through September 30, 2019

Board Members		Term Expires
Hon. Kay Ivey, Chairman	Ex-Officio	Indefinite
Hon. Robert Bentley, Chairman	Ex-Officio	2017
Hon. Rick Pate	Ex-Officio	Indefinite
Hon. John McMillan	Ex-Officio	2019
Hon. Mike Phillips, Ph.D.	Ex-Officio	Indefinite
Hon. Gary Lemme, Ph.D.	Ex-Officio	2021
Hon. Paul Patterson, Ph.D.	Ex-Officio	Indefinite
Hon. Authur Appel, Ph.D.	Ex-Officio	2016
Hon. Bill Cook, Jr.	Member	2023
Hon. Hezekiah Early	Member	2023
Hon. Joey Harris	Member	2023
Hon. Dennis Maze	Member	2023
Hon. Carnell Mcalpine	Member	2023
Hon. Billy Powell, Ph.D.	Member	2023
Hon. Franke Speake	Member	2023

Board Members and Official
October 1, 2015 through September 30, 2019

Board Members		Term Expires
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Hon. J. B. Turner	Member	2019
Hon. Emory W. Mosley, Jr.	Member	2019
Hon. John E. Walker, III	Member	2019
Hon. Reafield Vester	Member	2019
Hon. Joey Harris	Member	2019
Hon. Phillip F. Hunter	Member	2019
Hon. Fred Cespedes	Member	2019

Official

Mr. Rick Pate	Commissioner Department of Agriculture and Industries 1445 Federal Drive Montgomery, AL 36107
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