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AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

June 28, 2002

The Honorable Roberta L. Voss, Chair  
Joint Legislative Audit Committee

The Honorable Ken Bennett, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Voss and Senator Bennett:

Our Office has recently completed a 24-month followup of the Arizona Department of Agriculture—Food Safety and Quality Assurance Program and Non-Food Product Quality Assurance Program, regarding the implementation status of the 14 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in June 2000 (Auditor General Report No. 00-10). As the attached grid indicates:

- 7 of the 14 recommendations have been implemented;
- 6 of the 14 recommendations are in the process of being implemented; and
- 1 recommendation has not been implemented.

Unless otherwise directed by the Joint Legislative Audit Committee, this report concludes our follow-up work on the Department's efforts to implement the recommendations resulting from the June 2000 performance audit.

Sincerely,

Debbie Davenport  
Auditor General

Attachment

cc:	Mr. Sheldon R. Jones, Director Arizona Department of Agriculture	JLAC Members
	Senate Natural Resources, Agriculture, and Environment Members	House Natural Resources and Agriculture Members
	Ms. Kerri Morey Senate Committee Analyst	Ms. Kathi Knox House Committee Analyst
	Ms. Nadine Sapien Senate Research Analyst	Ms. Tami Stowe House Research Analyst

**ARIZONA DEPARTMENT OF AGRICULTURE**  
**Food Safety and Quality Assurance Program and**  
**Non-Food Product Quality Assurance Program**  
**24-Month Follow-Up Report To**  
**Auditor General Report No. 00-10**

**FINDING I: Department Could Take Steps To Address Industry Concerns Regarding the CFV Standardization Program**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
<p>1. The Department should improve the management of inspections by:</p> <p>a. Expanding its current planning efforts by implementing a more systematic inspection sampling plan;</p> <p>b. Scheduling and/or centralizing more of its inspections;</p>	<p>Implementation in Process</p> <p>Implementation in Process</p>	

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**FINDING I: Department Could Take Steps To Address Industry Concerns Regarding the CFV Standardization Program (Cont'd)**

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>c. Transferring responsibility for collecting shipping certificates from CFV inspectors to produce shippers by requiring shippers to fax or e-mail the certificates to the Department; and</p> <p>d. Using violation data to implement risk-based inspections.</p>	<p style="text-align: center;"><b>Not Implemented</b></p> <p style="text-align: center;">Implementation in Process</p>	<p>The Department still requires inspectors to pick up shipping certificates and reports that picking up the certificates ensures they will be able to provide the information contained in them to the U.S. Department of Agriculture (USDA) as required by its contract with the USDA. The contract specifies that the Department will collect and compile truck shipment information for Arizona's Western District year-round for dissemination daily and annually. Compliance with the terms of the contract may be jeopardized if the Department does not collect and compile this information on a daily basis. However, the contract does not specify how the Department should collect the information. Also, the Department reports that it has not tried a lternate means, such as fax or e-mail, to collect this information. Finally, the Department reports that the USDA will telephone shippers directly to obtain this information from other areas of the State.</p>

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**FINDING I: Department Could Take Steps To Address Industry Concerns Regarding the CFV Standardization Program (Cont'd)**

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>2. The Department should improve its management and analysis of program data, and use this data to better manage inspection activities and provide customer service by:</p> <ul style="list-style-type: none"> <li>a. Documenting and analyzing all verbal and written violations;</li> <li>b. Documenting licensees that receive inspections and using this information to ensure that all licensees receive an appropriate level of inspection service; and</li> <li>c. Merging the data from its three databases so that it can analyze this data in a comprehensive and systematic manner.</li> </ul>	<p style="text-align: center;"><b>Implemented at 6 months</b></p> <p style="text-align: center;">Implementation in Process</p> <p style="text-align: center;">Implementation in Process</p>	



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**FINDING II: Non-Food Product Quality Assurance Program Needs Improved Sampling Approach**

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. The Department should develop and implement long-term formal sampling plans for feed, fertilizer, pesticide, and seed products that would allow it to better protect the public from poor-quality non-food products and make efficient and effective use of resources. The Department should also incorporate a sampling frame and risk-based component into these sampling plans.</p>	<p>Implementation in Process</p>	
<p>2. The Department should reconvene its sampling plan committee to guide the development and monitoring of the non-food program sampling plans.</p>	<p><b>Implemented at 6 months</b></p>	

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**FINDING III: The Nogales Office Needs To Strengthen Its Cash-Processing Controls**

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. The Department should establish and maintain the following processes and procedures to better safeguard state monies for the Nogales Office of its Federal/State Inspection Service, including processes and procedures for:</p> <ul style="list-style-type: none"> <li>■ Adequately segregating cash-handling responsibilities;</li> <li>■ Immediately endorsing all checks upon receipt; and</li> <li>■ Regularly reconciling monies received to deposits.</li> </ul>	<p><b>Implemented at 6 months</b></p>	
<p>2. The Department should develop policies and procedures for handling cash and cash-like receipts, including defining employee responsibilities for each step in the cash-handling process.</p>	<p><b>Implemented at 6 months</b></p>	

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**FINDING III: The Nogales Office Needs To Strengthen Its Cash-Processing Controls (Concl'd)**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
3. The Department should periodically request a procedural review from the State's General Accounting Office to ensure it adheres to established policies and procedures for the Nogales Office.	<b>Implemented at 18 months</b>	