

# *Internal Control and Compliance Assessment*

## *Arkansas Legislative Audit*

### Arkansas Corn and Grain Sorghum Promotion Board

For the Two-Year Period Ended June 30, 2023



## INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Arkansas Corn and Grain Sorghum Promotion Board. Assessment procedures disclosed no reportable items of noncompliance.

## SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas Corn and Grain Sorghum Promotion Board, a board of Arkansas state government, as of and for the two-year period ended June 30, 2023, and have issued our report dated September 21, 2023. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, cash receipts, expenditures, liabilities, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal years 2022 and 2023 State Annual Comprehensive Financial Reports (ACFRs) and Single Audit Reports.

## RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

## ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

The Arkansas Corn and Grain Sorghum Promotion Board was created by Act 271 of 1997. Its mission is to promote the growth and development of the corn and grain sorghum industries in Arkansas through research, extension, promotion, and market development, thereby promoting the general welfare of the people of Arkansas.

The Board is made up of seven members appointed by the Governor. Three are nominated by and represent the Arkansas Farm Bureau Federation, while Riceland Foods, Inc., and the Agriculture Council of Arkansas each nominate two members to represent them. The Board is administered by the Executive Vice President of Arkansas Farm Bureau or his or her designee.

The Board administers a one cent per-bushel assessment on all corn and grain sorghum grown in Arkansas for market. The funds enter the State Treasury and are disbursed by the Board to fund research and promotion efforts. The Board's organizational chart in place at June 30, 2023, is presented in **Exhibit I on page 2**.

### ARKANSAS LEGISLATIVE AUDIT

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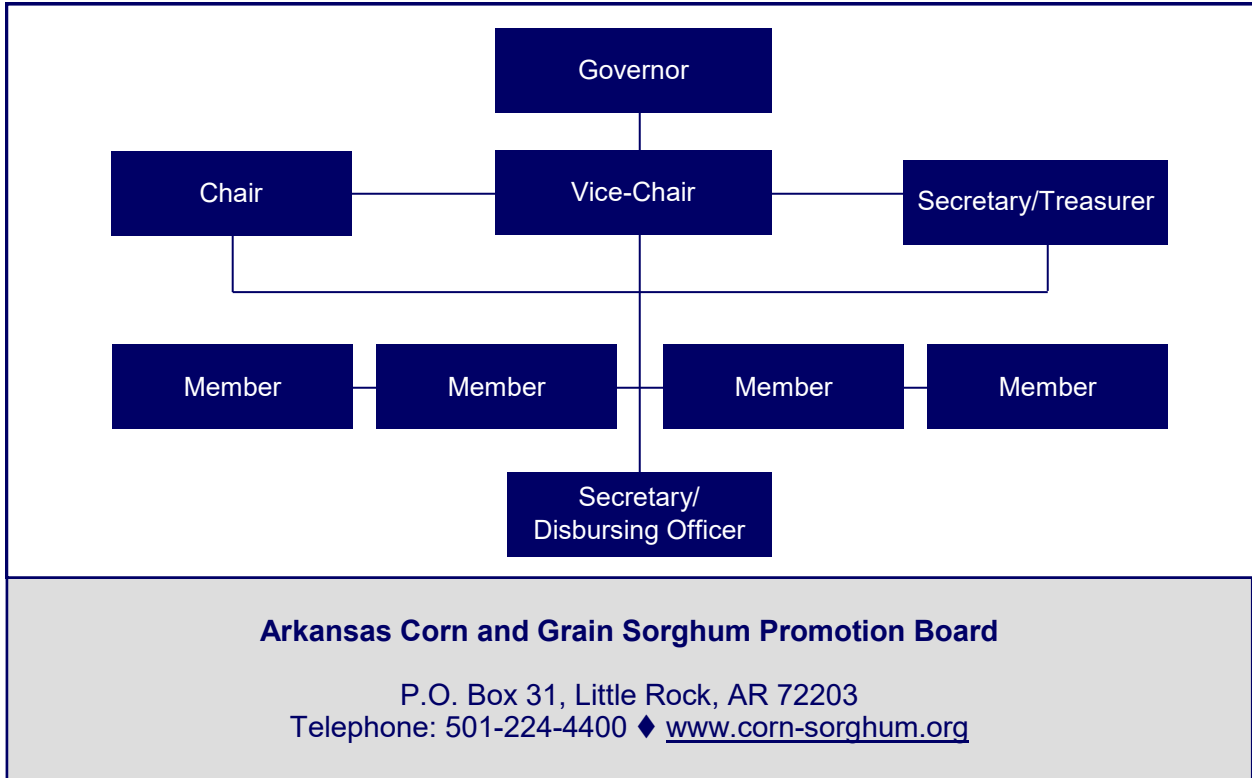
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Exhibit I  
Arkansas Corn and Grain Sorghum Promotion Board  
Organizational Chart



Source: Arkansas Corn and Grain Sorghum Promotion Board

As a result of Act 712 of 2023, effective July 1, 2023, the Board was transferred to the Arkansas Department of Agriculture. Arkansas Farm Bureau continued to assist with the administration of the Board until July 31, 2023.

## FISCAL ANALYSIS

### Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for fiscal years 2019 through 2023 are illustrated in **Exhibit II on page 3**. The Agency reported \$1.47 million and \$1.02 million in net revenues for fiscal years ended June 30, 2022 and 2023, respectively. Corn and grain sorghum fees, which are based on production levels of corn and grain sorghum, represent the Agency's primary source of revenue.

Agency expenditures totaled \$149,480 and \$161,162 for the fiscal years ended June 30, 2022 and 2023, respectively. Most expenditures were for assistance, grants, and aid to various organizations for educational program, advertising, and sponsorships related to the corn and grain sorghum industry. Net transfers out totaled \$492,117 and \$611,470 for the fiscal years ended June 30, 2022 and 2023, respectively, and represent grants awarded by the Board to the University of Arkansas.

**Assets and Liabilities**

Agency assets totaled \$2.22 million and \$2.48 million for the fiscal years ended June 30, 2022 and 2023, respectively. Assets are comprised solely of cash balances that were reconciled to the State Treasury without exception.

Agency liabilities totaled \$0 and \$18,737 for the fiscal years ended June 30, 2022 and 2023, respectively. Liabilities consisted of accounts payable to various vendors.

Asset and liability balances at year-end for fiscal years 2019 through 2023 are presented in **Exhibit III**.

**Exhibit II**

**Arkansas Corn and Grain Sorghum Promotion Board  
Revenues, Expenditures, and Transfers  
For the Years Ended June 30, 2019 through 2023**

	Fiscal Year				
	2023	2022	2021	2020	2019
<b>Revenues</b>					
Corn and grain sorghum fees, net	\$ 1,018,344	\$ 1,468,200	\$ 1,218,109	\$ 1,120,254	\$ 1,035,517
Other income	0	5,538	0	2,642	1,760
<b>Total Revenues</b>	<b>\$ 1,018,344</b>	<b>\$ 1,473,738</b>	<b>\$ 1,218,109</b>	<b>\$ 1,122,896</b>	<b>\$ 1,037,277</b>
<b>Expenditures</b>					
Printing and advertising	\$ 10,000	\$ 2,000	\$ 0	\$ 2,000	\$ 2,250
Travel and subsistence	14,716	6,301	528	8,959	13,048
Assistance, grants, and aid	129,730	1,500	130,352	102,300	149,500
Other expenses	6,716	139,679	2,528	2,347	1,409
<b>Total Expenditures</b>	<b>\$ 161,162</b>	<b>\$ 149,480</b>	<b>\$ 133,408</b>	<b>\$ 115,606</b>	<b>\$ 166,207</b>
<b>Net Transfers In (Out)</b>	<b>\$ (611,470)</b>	<b>\$ (492,117)</b>	<b>\$ (482,275)</b>	<b>\$ (764,633)</b>	<b>\$ (943,000)</b>

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

**Exhibit III**

**Arkansas Corn and Grain Sorghum Promotion Board  
Assets and Liabilities  
For the Years Ended June 30, 2019 through 2023**

	Fiscal Year				
	2023	2022	2021	2020	2019
<b>Assets</b>					
Cash and cash equivalents	\$ 2,483,014	\$ 2,218,566	\$ 1,386,425	\$ 787,097	\$ 540,103
<b>Liabilities</b>					
Accounts payable	\$ 18,737	\$ 0	\$ 0	\$ 4,101	\$ 0

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

