

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas Wheat Promotion Board

For the Fiscal Year Ended June 30, 2021



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 Wheat Promotion Board. Assessment procedures disclosed no reportable items of noncompliance.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas Wheat Promotion Board, a board of Arkansas state government, as of and for the year ended June 30, 2021, and have issued our report dated August 26, 2022. 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, 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 year 2021 State Annual Comprehensive Financial Report and Single Audit Report.

RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

The Arkansas Wheat Promotion Board was created by Act 283 of 1985. The Board's mission is to promote the growth and development of the wheat industry 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 nine members appointed by the Governor. Three are nominated by and represent the Arkansas Farm Bureau Federation, and two each are nominated by and represent Riceland Foods, Inc.; the Agriculture Council of Arkansas; and the Arkansas Association of Wheat Growers. The Board is administered by the Executive Vice President of the Arkansas Farm Bureau Federation or his or her designee.

The Board administers a one cent per bushel assessment on all wheat grown in Arkansas for market. The assessment is collected at the first point of sale by the Arkansas State Miscellaneous Tax Department. The funds are deposited into the State Treasury and are disbursed by the Board to fund wheat research and promotion efforts. The Agency does not have any state employees. An employee of Arkansas Farm Bureau fills the role of Administrator. The Board's organizational chart is presented in **Exhibit I on page 2**.

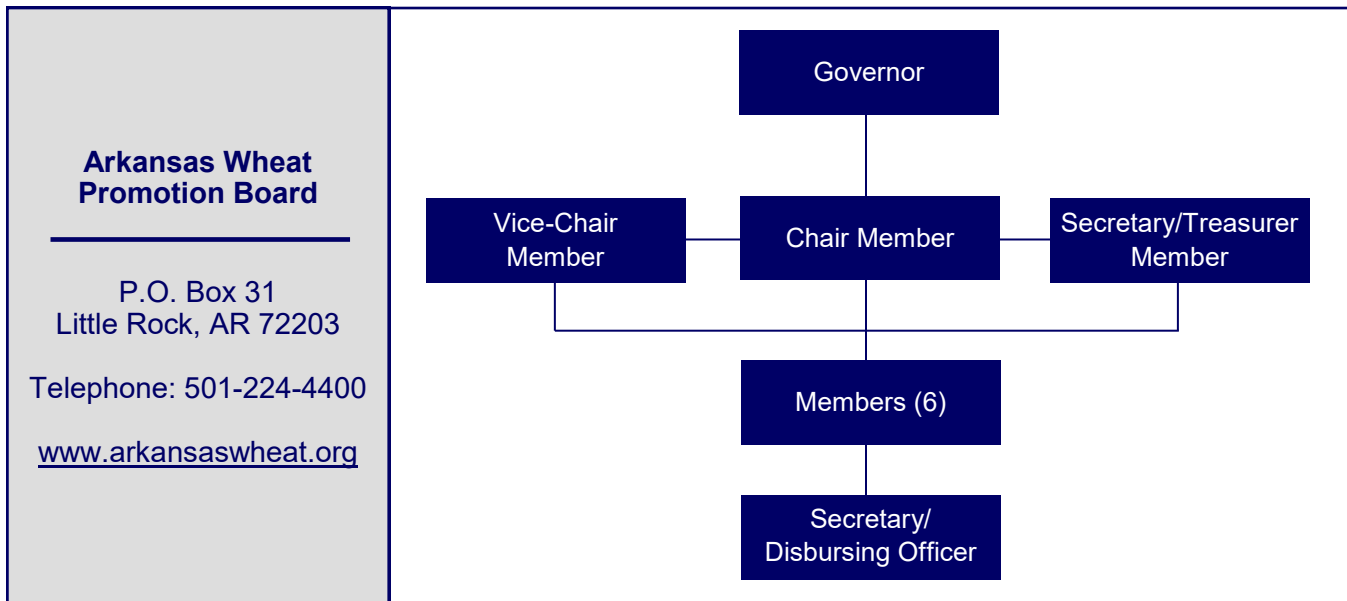
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Exhibit I
Arkansas Wheat Promotion Board
Organizational Chart



Source: Arkansas Wheat Promotion Board

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for fiscal years 2017 through 2021 are illustrated in **Exhibit II on page 3**. The Agency reported \$35,504 in net revenues for the fiscal year ended June 30, 2021. Crop production varies from year to year due to timing of harvest; weather conditions; and farmers use of wheat as a rotational crop, not a main crop. Wheat production has been declining over the past decade, resulting in reduced tax collections.

The Agency had no expenditures or net transfers for the fiscal year ended June 30, 2021. Decreases in expenditures and transfers are directly related to the decrease in wheat assessments collected for the year.

Assets and Liabilities

Agency assets totaled \$63,980 at June 30, 2021. Assets consisted of cash balances that were reconciled to the State Treasury without exception. Asset balances at year-end for fiscal years 2017 through 2021 are presented in **Exhibit III on page 3**. The Agency reported no liabilities for the five-year period.

Exhibit II

**Arkansas Wheat Promotion Board
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2017 through 2021**

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Wheat assessment fees (net)	\$ 35,504	\$ 24,455	\$ 68,913	\$ 85,415	\$ 83,724
Expenditures					
Printing and advertising				\$ 500	\$ 500
Other expenses		\$ 473		955	1,278
Total Expenditures	\$ 0	\$ 473	\$ 0	\$ 1,455	\$ 1,778
Net Transfers In (Out)	\$ 0	\$ (39,959)	\$ (43,817)	\$ (112,300)	\$ (108,350)

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

Exhibit III

**Arkansas Wheat Promotion Board
Assets and Liabilities
For the Years Ended June 30, 2017 through 2021**

	Fiscal Year				
	2021	2020	2019	2018	2017
Assets					
Cash and cash equivalents	\$ 63,980	\$ 28,476	\$ 44,422	\$ 19,326	\$ 47,665
Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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

