

# **Internal Control and Compliance Assessment**

## **Arkansas Legislative Audit**

### **Arkansas Wheat 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 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, 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, 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 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. 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 in place at June 30, 2023, 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

As a result of Act 712 of 2023, effective July 1, 2023, the Board was transferred to the Arkansas Department of Agriculture, and the number of board members was reduced to seven. 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 \$81,871 and \$94,251 in net revenues for the fiscal years ended June 30, 2022 and 2023, respectively. 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 increasing over the past years, resulting in increased tax collections.

The Agency had no expenditures for the two-year period ended June 30, 2023. Agency net transfers totaled \$35,829 and \$33,692 for fiscal years ended June 30, 2022 and 2023, respectively. The majority of transfers represent payments to the University of Arkansas for research. Increases and decreases in transfers are linked to fluctuations in the collection of wheat assessments each year.

### Assets and Liabilities

Agency assets totaled \$110,023 and \$170,581 at June 30, 2022 and 2023, respectively. Assets consisted of cash balances that were reconciled to the State Treasury without exception. Asset balances at year-end for fiscal years 2019 through 2023 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, 2019 through 2023**

	Fiscal Year				
	2023	2022	2021	2020	2019
<b>Revenues</b>					
Wheat assessment fees (net)	\$ 94,251	\$ 81,871	\$ 35,504	\$ 24,455	\$ 68,913
<b>Expenditures</b>					
Other expenses	\$ 0	\$ 0	\$ 0	\$ 473	\$ 0
<b>Net Transfers In (Out)</b>	<u>\$ (33,692)</u>	<u>\$ (35,829)</u>	<u>\$ 0</u>	<u>\$ (39,959)</u>	<u>\$ (43,817)</u>

*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, 2019 through 2023**

	Fiscal Year				
	2023	2022	2021	2020	2019
<b>Assets</b>					
Cash and cash equivalents	\$ 170,581	\$ 110,023	\$ 63,980	\$ 28,476	\$ 44,422
<b>Liabilities</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

