

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas Catfish Promotion Board

For the Fiscal Year Ended June 30, 2020



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

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas Catfish Promotion Board, a board of Arkansas state government, as of and for the year ended June 30, 2020, and have issued our report dated August 16, 2021. 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, 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 year 2020 State Comprehensive Annual 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 Catfish Promotion Board was created by Act 790 of 1999 to promote the growth and development of the catfish industry in Arkansas through research, promotion, and market development. The Board consists of seven producers appointed by the Governor. Three members are nominated by and represent the Arkansas Farm Bureau, and four members are nominated by and represent the Catfish Farmers of Arkansas. The Board is administered by the Executive Vice-President of Arkansas Farm Bureau Federation or his or her designee. The Board's organizational chart is presented in **Exhibit I on page 2**.

Special revenues fund the operations of the Board. A one-dollar per ton assessment on all catfish feed purchased by commercial Arkansas catfish producers is used to fund research and promotion efforts. An allocation of these special revenues is used to fund catfish-related research and promotion projects through the University of Arkansas, private research companies, and promotion organizations. Projects are individually approved and monitored by the Board.

ARKANSAS LEGISLATIVE AUDIT

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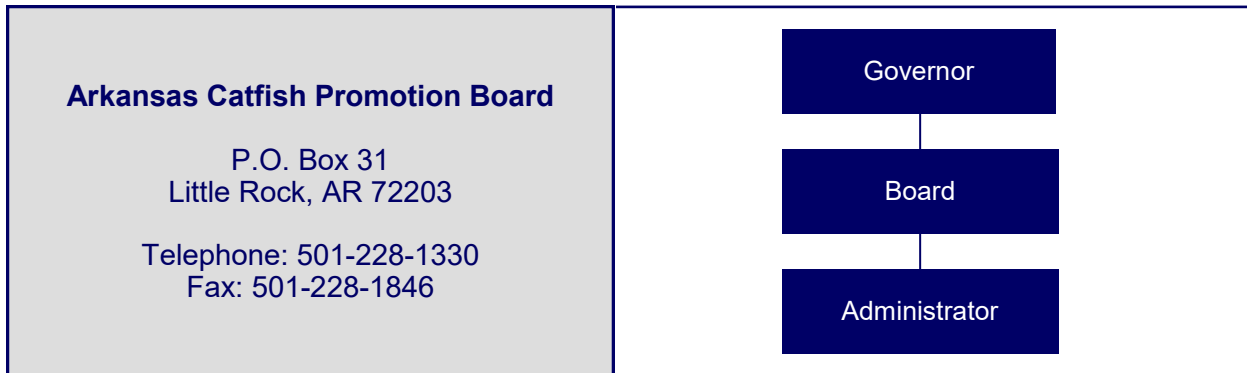
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Exhibit I
Arkansas Catfish Promotion Board
Organizational Chart



Source: Arkansas Catfish Promotion Board

EFFECTS OF CORONAVIRUS DISEASE 2019

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring a public health emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The COVID-19 outbreak is disrupting sales, travel, and everyday life across several industries and governments. The extent of the impact of COVID-19 on the financial results of future periods will depend on certain developments, including the duration of the outbreak and revenue collections – all of which are uncertain and cannot be predicted. The COVID-19 outbreak’s anticipated effects include the potential for decline in investments. The financial impact of COVID-19 on the Arkansas Catfish Promotion Board is uncertain.

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for fiscal year 2016 through 2020 are illustrated in **Exhibit II on page 3**. The Agency reported \$21,688 in net revenues for the fiscal year ended June 30, 2020. Due to reductions in the number of catfish producers and amount of feed sales, the Agency experienced a decrease in revenue over the past year.

Agency expenditures totaled \$20,892 for the fiscal year ended June 30, 2020. Agency net transfers totaled \$0 for fiscal year ended June 30, 2020. The majority of transfers represent payments to the University of Arkansas at Pine Bluff for research. Decreases in expenditures and transfers are directly related to the decrease in catfish assessments collected.

Assets and Liabilities

Agency assets totaled \$95,193 at June 30, 2020. Assets consisted of cash balances that were reconciled to the State Treasury without exception. Asset balances at year-end for fiscal years 2016 through 2020 are presented in **Exhibit III on page 3**. The Agency reported no liabilities for the fiscal year ended June 30, 2020.

Exhibit II
Arkansas Catfish Promotion Board
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2016 through 2020

	Fiscal Year				
	2020	2019	2018	2017	2016
Revenues					
Catfish promotion fees (net)	\$ 21,688	\$ 24,610	\$ 29,406	\$ 32,162	\$ 29,220
Expenditures					
Commodities, materials, and supplies	\$ 837	\$ 0	\$ 0	\$ 1,548	\$ 226
Assistance, grants, and aids	20,000	20,000	30,500	26,500	3,100
Other expenses	56	0	0	0	6,495
Total Expenditures	\$ 20,893	\$ 20,000	\$ 30,500	\$ 28,048	\$ 9,821
Net Transfers In (Out)	\$ 0	\$ 0	\$ (8,000)	\$ 0	\$ 0

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

Exhibit III
Arkansas Catfish Promotion Board
Assets and Liabilities
For the Years Ended June 30, 2016 through 2020

	Fiscal Year				
	2020	2019	2018	2017	2016
Assets					
Cash and cash equivalents	\$ 95,193	\$ 94,397	\$ 89,786	\$ 98,881	\$ 93,993
Liabilities					
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 774

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

