

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
DEPARTMENT OF AGRICULTURE
FOR THE YEAR ENDED JUNE 30, 2023**

Finding:

The Monroe County Conservation District, which receives funding from the Department of Agriculture, notified the Department of questionable payroll disbursements and engaged a certified public accountant to investigate these matters. The investigation revealed that the District Office Manager issued 14 unauthorized payroll checks, totaling \$14,306, to herself over the three-year period ended December 31, 2023. The Office Manager resigned on April 2, 2024.

Recommendation:

We recommend the Department continue to monitor conservation districts and encourage districts to strengthen internal controls to prevent unauthorized transactions.

Agency Response:

The Department concurs with the finding. The Department immediately notified the Arkansas Department of Finance and Administration and Arkansas Legislative Audit as soon as the conservation district board notified the Department that unauthorized payroll disbursements were suspected. While internal controls are the responsibility of the conservation districts and their management, the Department will continue to monitor the districts' controls via reviews of "agreed upon procedures" performed by an independent certified public accountant. Although the Department has no direct authority over the conservation districts, the Department will recommend the following to the districts:

- Regular review of payroll expenditures, with comparison to their annual budget.
- Strengthening of their internal controls, including designation of a single board member with signature authority for all checks issued by the district to prevent unauthorized payroll disbursements.
- Review of financial reports at every regularly scheduled meeting.