

DEPARTMENT OF AGRICULTURE  
SOYBEAN RESEARCH & PROMOTION COUNCIL

The following was issued under a separate audit of the Soybean Research & Promotion Council by Eide Bailly.

**PRIOR AUDIT FINDING**

Financial Statement Audit Findings:

**Finding No. 03140200801:**

Repeated as Finding No. 03140200901 for year ending June 30, 2009.

**CURRENT AUDIT FINDINGS AND RECOMMENDATIONS**

Financial Statement Audit Findings:

**Finding No. 03140200901:**

The Council does not have proper controls over financial reporting which include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

**Analysis:**

The Council does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual for an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Inadequate controls over financial reporting of the Council could result in the likelihood that the Council would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

**RECOMMENDATION:**

1. While we recognize that this condition is not unusual for an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the Council and changes in reporting requirements.

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(Continued)

Auditee's Corrective Action Plan:

Management and the board of directors will review for propriety the draft financial statements and footnotes prepared by the auditor. Due to the Council's size, we will accept the risk associated with this condition based on cost and other considerations. The cost of any further controls would outweigh the related benefits.

**Finding No. 03140200902:**

The calculation of two assessments to be remitted to the United Soybean Board (USB) contained overstatements totaling \$10,893 for the first two quarters of fiscal year 2009.

Analysis:

A good system of internal control contemplates review of financial information by appropriate personnel. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Inadequate review of the remittance calculations could adversely affect the Council's ability to detect and correct misstatements that would be material in relation to the financial statements, in a timely manner, by employees in the normal course of performing their assigned functions.

**RECOMMENDATION:**

2. We recommend that an appropriate member of the Council's staff review the calculations for completeness and accuracy to prevent or detect and correct errors in a timely manner.

Auditee's Corrective Action Plan:

Management will appoint the Executive Director to review the calculations of the remittances to USB to prevent or detect and correct errors in a timely manner.