



STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

A PERFORMANCE AUDIT
of
**THE ARIZONA COMMISSION OF AGRICULTURE
AND HORTICULTURE**
THE OFFICE OF THE STATE CHEMIST
**THE FRUIT AND VEGETABLE STANDARDIZATION
PROGRAM**

SEPTEMBER 1979

PLANT QUARANTINE INSPECTION STATIONS
SHOULD BE CONTINUED, BUT PROCEDURES
SHOULD BE MODIFIED.

A REPORT TO THE
ARIZONA STATE LEGISLATURE

REPORT 79-12

OFFICE OF THE AUDITOR GENERAL

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THE ARIZONA COMMISSION OF AGRICULTURE AND HORTICULTURE

A REPORT TO THE
ARIZONA STATE LEGISLATURE

REPORT 79-12a



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September 14, 1979

The Honorable Bruce Babbitt, Governor
Members of the Arizona Legislature
Members of the Arizona Commission of Agriculture
and Horticulture

Transmitted herewith is a report of the Auditor General, A Performance Audit of: the Arizona Commission of Agriculture and Horticulture, the Office of the State Chemist, and the Arizona Fruit and Vegetable Standardization Program. This report is in response to a September 19, 1978, resolution of the Joint Legislative Budget Committee and a January 18, 1979, resolution of the Joint Legislative Oversight Committee.

As indicated by the title, this report contains the results of separate audits of three of the four programs administered by the five member Arizona Commission of Agriculture and Horticulture:

- (1) The program directed by the State Entomologist (which is also commonly referred to as the Arizona Commission of Agriculture and Horticulture)
- (2) The Office of the State Chemist, and
- (3) The Arizona Fruit and Vegetable Standardization Program

The fourth program, the Board of Pesticide Control, is scheduled by law for review during a later sunset review cycle.

The preliminaries of each report, including the summaries, are found on blue pages. Responses from the directors of the programs audited are found on yellow pages preceding the appendices of each report.

My staff and I will be happy to meet with the appropriate legislative committees, individual legislators or other state officials to discuss or clarify any items in this report or to facilitate the implementation of the recommendations.

Respectfully submitted,

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TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
INTRODUCTION AND BACKGROUND	2
SUNSET FACTORS	5
FINDINGS	
FINDING I	10
Plant quarantine inspection stations should be continued, but procedures should be modified.	
CONCLUSION	19
RECOMMENDATION	19
FINDING II	20
The State of Arizona could realize \$220,000 annually in reduced costs and increased revenue if Motor Vehicle Division inspectors were used to perform truck inspections at five border stations.	
CONCLUSION	28
RECOMMENDATION	29
FINDING III	30
Fees should be charged to recover an additional \$72,000 in unrecovered costs for nursery, apiary and seed inspections.	
CONCLUSION	39
RECOMMENDATION	40
FINDING IV	41
Greater actions and stronger penalties are needed in the enforcement of the Native Plant and State Seed laws.	
CONCLUSION	49
RECOMMENDATION	49

	<u>Page</u>
FINDING V	50
Statutory changes are needed to eliminate obsolete and unnecessary requirements and duplication of effort.	
CONCLUSION	52
RECOMMENDATION	52
WRITTEN RESPONSE TO THE AUDITOR GENERAL'S REPORT	53
APPENDICES	
APPENDIX A	- The consulting entomologists' report on the need for the inspection stations and resumes detailing the consultants' qualifications
APPENDIX B	- Results of the Office of the Auditor General's survey of motorists passing through the inspection stations
APPENDIX C	- The Office of the Auditor General's study of the deterrent factors of the border inspection stations
APPENDIX D	- Arizona Legislative Council memo dated March 28, 1979
APPENDIX E	- Arizona Revised Statutes Sections 3-551 through 3-555
APPENDIX F	- Arizona Revised Statutes Sections 3-471 through 3-476 and Section 3-486

LIST OF ILLUSTRATIONS

	<u>Page</u>
ILLUSTRATION 1 - A map showing the locations of the border inspection stations	11

LIST OF TABLES

TABLE 1 - Commission expenditures for fiscal years 1977-78, 1978-79 and 1979-80	3
TABLE 2 - Traffic inspected and inspection procedures used at the ten inspection stations	12
TABLE 3 - Lots of fruits and plants intercepted, deterred and not intercepted by the stations	14
TABLE 4 - A comparison of the number of interceptions versus the type of inspection method used for fiscal years 1975-76, 1976-77 and 1977-78	16
TABLE 5 - Types of truck inspections performed by Arizona Commission of Agriculture and Horticulture inspectors	22
TABLE 6 - A comparison of the Arizona Commission of Agriculture and Horticulture's (ACAH) and the Motor Vehicle Division's (MVD) staffing versus workload requirements	23
TABLE 7 - A comparison of Motor Vehicle Division staffing versus the combined workload (in FTE's) of the Arizona Commission of Agriculture and Horticulture and the Motor Vehicle Division, by shift and by station	25
TABLE 8 - Survey of state departments of agriculture - Nursery inspections	31
TABLE 9 - Survey of state departments of agriculture - Apiary inspections	35
TABLE 10 - Funding sources for state Seed Control Programs	38
TABLE 11 - Summary of penalties imposed for convictions of violations of the Native Plant Law from 1968 through 1978	43

TABLE 12	-	Summary, by company, of the number of seed samples taken, the number of "Stop-Sale" orders issued and the proportion of "Stop-Sale" orders issued to the number of seed samples taken during 1977 and 1978	46
TABLE 13	-	Summary of states that publish the names of companies that violate seed laws, the manner in which violations are publicized, and official responses regarding the effect publicizing companies has on their seed control program	47

SUMMARY

The first Arizona Commission of Agriculture and Horticulture was established in 1912 to protect Arizona's agricultural industry by 1) inspecting orchards, nurseries and nursery stock for insect pests, and 2) establishing and enforcing quarantines against possible sources of insect pests. The Commission was given power to appoint a State Entomologist and other employees to carry out its programs. These programs directed by the State Entomologist are also commonly referred to as the Arizona Commission of Agriculture and Horticulture (Commission), and were the subject of this audit.

The Commission has a staff of 168 employees and a budget of \$3,416,500 for fiscal year 1979-80.

Our review of the Arizona Commission of Agriculture and Horticulture revealed the plant quarantine program and its inspection stations should be continued. However, we recommend the Commission modify the inspection procedures used for passenger vehicles to increase effectiveness and reduce motorist inconvenience. (page 10)

The State of Arizona could realize \$220,000 annually in reduced costs and increased revenue if Motor Vehicle Division inspectors were used to perform truck inspections at five border stations. (page 20)

The Commission could annually recover an additional \$72,000 in costs for nursery, seed and apiary programs if it charged fees as is done by other states. (page 30)

The Commission needs to take stronger actions, and greater statutory authority is needed, if the Commission is to effectively enforce the Native Plant and State Seed laws. (page 41)

Statutory changes are needed to eliminate unnecessary and obsolete laws, and to eliminate duplication of effort in the Date Standardization program. (page 50)

INTRODUCTION AND BACKGROUND

In response to a September 19, 1978, resolution of the Joint Legislative Budget Committee and a January 18, 1979, resolution of the Joint Legislative Oversight Committee, the Office of the Auditor General has conducted a performance audit of the Arizona Commission of Agriculture and Horticulture. This performance audit was conducted as a part of the sunset review set forth in ARS 41-2351 through ARS 41-2374.

In 1909 the Legislative Assembly of the Territory of Arizona created a three member commission known as the Arizona Horticultural Commission. The Commission was given power to appoint an Entomologist and quarantine inspectors to 1) inspect orchards, nurseries and nursery stock for insect pests, and 2) inspect incoming shipments of nursery stock and quarantine against dangerous sources of supply. In May 1912, following statehood, the territorial Arizona Horticultural Commission became the Arizona Commission of Agriculture and Horticulture.

The Arizona Commission of Agriculture and Horticulture remained a three member commission supervising the activities of the State Entomologist and his employees until 1977. In 1977, legislation was passed which enlarged the number of commission members from three to five, and placed the Fruit and Vegetable Standardization program under the direction of the Commission. The following year additional legislation was also passed placing the Office of the State Chemist and the Board of Pesticide Control under the direction of the Commission of Agriculture and Horticulture.

This sunset audit addresses the program directed by the State Entomologist; a program which is also commonly referred to as the Arizona Commission of Agriculture and Horticulture, or the Commission.

The Office of the State Chemist and the Fruit and Vegetable Standardization program have been reviewed in separate performance audits included in this report. The Board of Pesticide Control is scheduled for separate sunset review during the 1981-83 review cycle.

The programs conducted by the State Entomologist preceded Arizona statehood. The first Entomologist was appointed effective September 1, 1909 and was responsible, in collaboration with the Commission, for appointing five quarantine inspectors. The legislative appropriation of \$3,000 for fiscal year 1909-10 was said to have "...barely sufficed, with economy, for the year's operations." Seventy years later in fiscal year 1979-80, the program under the State Entomologist has grown from five employees to 168 employees. The original fiscal year 1909-10 appropriation of \$3,000 has increased to \$3,416,500 in fiscal year 1979-80. Table 1 shows the expenditures of the Commission for fiscal years 1977-78, 1978-79 and 1979-80.

TABLE 1

COMMISSION EXPENDITURES* FOR FISCAL
YEARS 1977-78, 1978-79 AND 1979-80

<u>Expenditures</u>	<u>Fiscal Year</u>		
	<u>1977-78</u> <u>(Actual)</u>	<u>1978-79</u> <u>(Actual)</u>	<u>1979-80</u> <u>(Estimate)</u>
Personal services	\$2,192,300	\$2,301,700	\$2,419,500
Employee related expenses	453,600	497,900	518,100
Professional and outside services	12,600	34,000	36,000
Instate travel	124,400	114,800	166,900
Out of state travel	4,600	4,200	6,500
Other operating expenditures	438,500	309,300	227,600
Equipment	<u>19,300</u>	<u>32,500</u>	<u>41,900</u>
Total	<u>\$3,245,300</u>	<u>\$3,294,400</u>	<u>\$3,416,500</u>

Despite the growth of the Commission, the goals of the program are essentially unchanged from those of the first Commission; to protect Arizona's agricultural industry by enforcing quarantine regulations and conducting pest detection and abatement functions.

In addition, today's Commission also has the added responsibilities of enforcing the State Seed, Hay Broker, Native Plant and Date Standardization laws.

This report contains the results of our audit of the Commission's functions and includes:

- (a) results of the review of the nine sunset factors to aid in the process of determining whether the Arizona Commission of Agriculture and Horticulture should be continued or terminated,
- (b) a finding that the plant quarantine program and its inspection stations are needed, but procedures should be modified to increase effectiveness and reduce motorist inconvenience,
- (c) a finding that \$220,000 could be realized annually in reduced costs and increased revenue if the Motor Vehicle Division performs truck inspections for the Commission,
- (d) a finding that the Commission could recover an additional \$72,000 in costs for nursery, seed and apiary programs if it charged fees as is done by other states,
- (e) a finding that greater Commission action and stronger penalties are needed to effectively enforce the Native Plant and State Seed laws, and
- (f) a finding that statutory changes are needed to eliminate obsolete and duplicative laws.

The Office of the Auditor General expresses its gratitude to the State Entomologist and the employees of the Arizona Commission of Agriculture and Horticulture for their cooperation, assistance and consideration during the course of the audit.

SUNSET FACTORS

In accordance with ARS 41-2351 through ARS 41-2374, nine factors were reviewed to aid in the process of determining whether the Arizona Commission of Agriculture and Horticulture should be continued or terminated.

SUNSET FACTOR: OBJECTIVE AND PURPOSE IN ESTABLISHING THE COMMISSION

The original purpose in establishing the first Commission in 1909 was to protect Arizona agriculture by 1) inspecting orchards, nurseries and nursery stock for insect pests, and 2) inspecting incoming shipments of nursery stock and establishing quarantines against dangerous sources of supply. Today, this remains the primary objective of the Arizona Commission of Agriculture and Horticulture. However, the Commission has been given the additional objectives of protecting native plants, and protecting consumers in the areas of date standardization and seed labelling.

SUNSET FACTOR: THE DEGREE TO WHICH THE COMMISSION HAS BEEN ABLE TO RESPOND TO THE NEEDS OF THE PUBLIC AND THE EFFICIENCY WITH WHICH IT HAS OPERATED

The Commission was established primarily to respond to the needs of one particular segment of the public -- agriculture. Thus, its role in responding to the public need is somewhat different than a department established to protect the general public such as the Department of Insurance. Nevertheless, the Commission does respond to the needs of the general public when appropriate. For example, in 1978 when the number of complaints from homeowners regarding aerial pesticide spraying exceeded the Board of Pesticide Control's ability to investigate them, Commission employees assisted the Board in investigating complaints.

A review of the Commission's operations revealed that the following opportunities exist to improve the Commission's level of efficiency.

- (a) Motor Vehicle Division (MVD) employees can be used to perform truck inspections at five stations thereby reducing staffing by 13 positions (page 20), and
- (b) Duplication in the inspection of dates can be eliminated by transferring the Date Standardization Program to the Arizona Fruit and Vegetable Standardization Program. (page 51)

SUNSET FACTOR: THE EXTENT TO
WHICH THE COMMISSION HAS OPERATED
WITHIN THE PUBLIC INTEREST

Because agricultural crop production is a 700 million dollar industry in the Arizona economy, an argument can be made that the Commission's efforts to protect and promote agriculture is in the general interest of all of Arizona.

Two Commission programs are, however, more specifically within the public interest. The Native Plant Program protects native plants for the enjoyment and benefit of all Arizona citizens. The Date Standardization Program protects consumers of dates against inferior or inedible products.

Nevertheless, the Commission's failure to publicize violations of the State Seed Law may not be in the public interest. (page 45)

SUNSET FACTOR: THE EXTENT TO
WHICH RULES AND REGULATIONS
PROMULGATED BY THE COMMISSION
ARE CONSISTENT WITH THE
LEGISLATIVE MANDATE

Commission rules and regulations are reviewed by the Attorney General's Office to ensure that they are consistent with legislative mandate. We found this review has, on occasion, determined that proposed rules were not consistent with legislative mandate. In these cases the proposed rules are either revised to conform or do not receive final approval from the Attorney General.

SUNSET FACTOR: THE EXTENT TO WHICH
THE COMMISSION HAS ENCOURAGED INPUT
FROM THE PUBLIC BEFORE PROMULGATING
ITS RULES AND REGULATIONS AND THE
EXTENT TO WHICH IT HAS INFORMED THE
PUBLIC AS TO ITS ACTIONS AND THEIR
EXPECTED IMPACT ON THE PUBLIC

The Commission's efforts in publicizing proposed rules and public hearings exceeds those of most other Arizona State agencies. A survey of State agencies by the Office of the Auditor General revealed that most agencies limit their publicizing of rules to filing the proposed rule with the Secretary of State, and posting notices of the public hearings in their building. In addition to those two actions the Commission also:

- (a) Notifies 35-50 persons with agricultural interests before a rule is drafted to obtain their input in the drafting of the rule,
- (b) Prepares and issues 200 news releases publicizing the hearing on the rule. These releases are issued to: employees, newspapers, television and radio stations, and other parties who have requested that they be retained on the mailing list.
- (c) Arranges for approximately 20 newspapers to publish brief notices of hearings in their public notice sections.

SUNSET FACTOR: THE EXTENT TO WHICH
THE COMMISSION HAS BEEN ABLE TO
INVESTIGATE AND RESOLVE COMPLAINTS
THAT ARE WITHIN ITS JURISDICTION

Unlike many of the regulatory boards and departments, the Arizona Commission of Agriculture and Horticulture is not extensively involved in investigating complaints from the general public against members of an industry or profession. The complaints the Commission does receive are usually directed towards a specific policy or employee. The Commission reviews and responds to all of these complaints.

SUNSET FACTOR: THE EXTENT TO WHICH
THE ATTORNEY GENERAL OR ANY OTHER
APPLICABLE AGENCY OF STATE GOVERNMENT
HAS THE AUTHORITY TO PROSECUTE ACTIONS
UNDER THE ENABLING LEGISLATION

ARS 3-214, ARS 3-215, ARS 3-240, ARS 3-476, ARS 3-576, ARS 3-806 and ARS 3-907 all specify acts that constitute violations of the enabling legislation of the Arizona Commission of Agriculture and Horticulture. County attorneys have the authority to prosecute violations under these statutes. Nevertheless, members of the Attorney General's Office have recommended additional legislation be enacted with regard to Native Plant Law violations because they believe county attorneys may be reluctant to prosecute these violations. They recommend the Commission be given civil enforcement powers to strengthen enforcement of this program. (page 43)

In addition to prosecution by the county attorneys, ARS 3-475 provides the Commission with authority to seek injunctions through Superior courts against persons violating the Date Standardization Act.

SUNSET FACTOR: THE EXTENT TO WHICH
THE COMMISSION HAS ADDRESSED DEFICIENCIES
IN THE ENABLING STATUTES WHICH PREVENT
IT FROM FULFILLING ITS STATUTORY MANDATE

Since the present State Entomologist took office in April 1977, the Commission has sought one legislative change to increase its effectiveness. In 1978, the Commission successfully recommended a reduction in the severity of the first offense for Native Plant Law violations. This was done in hopes that more cooperation in enforcement could be obtained from law officers throughout the state.

SUNSET FACTOR: THE EXTENT TO WHICH
CHANGES ARE NECESSARY IN THE LAWS OF
THE COMMISSION TO ADEQUATELY COMPLY
WITH THE FACTORS LISTED IN THIS SUB-
SECTION

Our review found the following statutory changes are needed for the Commission to more adequately comply with the factors listed in this subsection:

- (a) Additional statutory authority is needed to permit the Commission to contract with the Motor Vehicle Division to conduct truck inspections at five border inspection stations. (page 27)
- (b) Additional statutory authority is needed to permit the Commission to assess fees for nursery, apiary and seed inspections. (page 30)
- (c) Additional statutory authority is needed to provide the Commission with civil enforcement powers needed to strengthen enforcement of the Native Plant Law. (page 43)
- (d) Present statutes regarding the sale of citrus fruit (ARS 3-551 et seq.) and the quarantine radius of infected apiaries (ARS 3-803.B) are outdated and should be repealed. (page 50)
- (e) Statutes assigning the Date Standardization Program to the Commission (ARS 3-471 et seq.) should be revised to assign the program to the Fruit and Vegetable Standardization Program. (page 51)

FINDING I

PLANT QUARANTINE INSPECTION STATIONS SHOULD BE CONTINUED, BUT PROCEDURES SHOULD BE MODIFIED.

The plant quarantine inspection stations operated by the Arizona Commission of Agriculture and Horticulture are needed. However, the Commission should modify the procedures used at the stations to strengthen the effectiveness of the program and reduce motorist inconvenience.

The Arizona Commission of Agriculture and Horticulture operates ten plant quarantine inspection stations along major highways entering the borders of Arizona.* The function of these ten stations is to detect and prevent the entry of agricultural pests that are not already established in Arizona. In addition, five stations (Cameron, Sanders, San Simon, Douglas, Solomon) also perform a similar function on behalf of the State of California under a contract with the California Department of Agriculture. Under the terms of this contract California pays the Commission approximately \$250,000 per year to help defray the costs of the inspection program.

The type of traffic inspected and the inspection methods used vary among the ten stations depending upon the Commission's assessment of the pest risk involved.** Five stations inspect only truck traffic because of the low pest risk from passenger vehicles traveling through these stations. Two stations inspect all traffic (trucks and passenger vehicles), but use "verbal inspections" to determine whether passenger vehicles are carrying quarantined materials. Three inspection stations inspect all traffic including opening the trunks of passenger vehicles traveling from high pest risk areas. Table 2 summarizes the type of traffic inspected and the inspection procedures used at the ten stations.

- * Illustration 1 provides a map showing the location of the ten stations.
- ** The Commission considers the following factors in assessing pest risk: the origin and destination of the traffic, the types of materials intercepted, and the amount of materials intercepted.

ILLUSTRATION 1

LOCATIONS OF THE
BORDER INSPECTION STATIONS

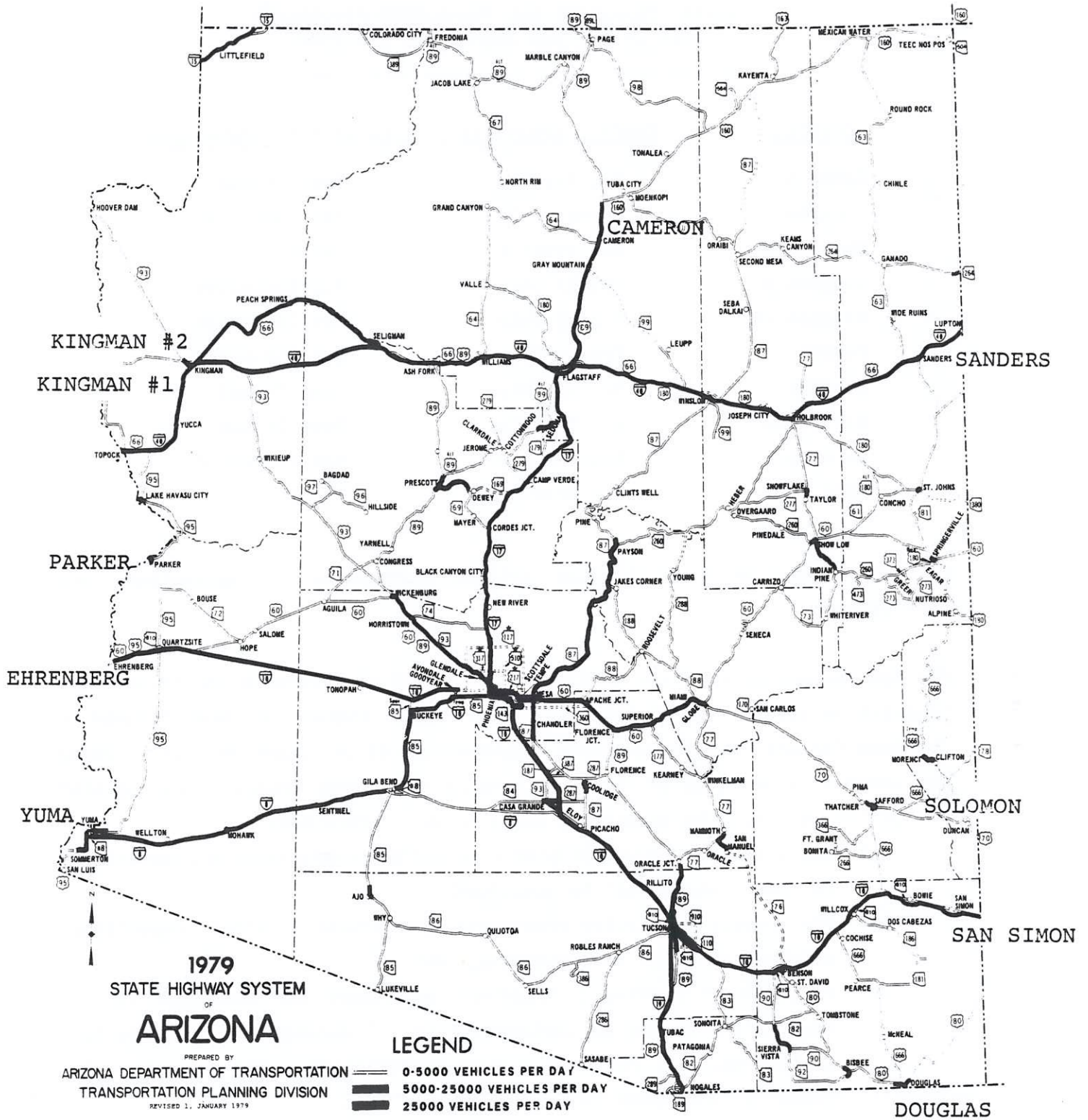


TABLE 2

TRAFFIC INSPECTED AND INSPECTION PROCEDURES
USED AT THE TEN INSPECTION STATIONS

<u>Station</u>	<u>Traffic Inspected</u>	<u>Type of Auto Inspection</u>
Cameron	All Traffic	Open Trunks
Douglas	Trucks Only	Not Inspected
Ehrenberg	All Traffic	Verbal
Kingman #1	Trucks Only	Not Inspected
Kingman #2	Trucks Only	Not Inspected
Parker	Trucks Only	Not Inspected
Sanders	All Traffic	Open Trunks
San Simon	All Traffic	Open Trunks
Solomon	Trucks Only	Not Inspected
Yuma	All Traffic	Verbal

Source: Data provided by the Arizona Commission of Agriculture and Horticulture

The ten inspection stations have been a source of considerable controversy and legislative interest in recent years. Particular concern has been focused on the need for and the effectiveness of inspection of passenger vehicles. Using the consulting services of three nationally recognized expert entomologists* our Office reviewed the inspection stations and determined:

- (a) the plant quarantine program (including private vehicle inspections) is needed and should be continued,
- (b) the present inspection procedures (particularly verbal inspections) are weak and need strengthening, and
- (c) a system of monitored voluntary compliance for passenger vehicle inspections should be implemented to 1) strengthen the inspection procedures, 2) reduce motorist inconvenience, and 3) allow for possible reductions in Commission staffing.

* The three expert entomologists were selected with the assistance of the Chairman of the Entomology Department at the University of Arizona. Resumes detailing the qualifications of the three experts are contained in Appendix A.

Inspection Stations Are Needed

Quarantine programs and inspection stations were established to complement the natural barriers (deserts and mountains) that prevent the spread of insect pests into Arizona. Because the barriers exist, people and materials carrying pests are the chief means of introducing insect pests into Arizona. The inspection stations exist to detect and prevent this form of entry for pests.

Evaluating the need for and the effectiveness of the inspection stations is difficult. Quarantine is by and large a preventative program. Unfortunately, the only way to demonstrate that such a preventative program is not working is to identify occurrences of the condition to be prevented. In addition, the absence of the condition to be prevented is no guarantee that the preventative program is working because other factors may also be responsible. For example, both experts in the field of entomology and Commission officials agree that 1) many pests brought to Arizona will not survive, and 2) some pests enter Arizona despite the presence of the inspection stations. The problem of evaluating a quarantine program is compounded by the fact that there are no established standards defining an acceptable number of pests that can enter Arizona without constituting a danger, nor any standards defining how many pests must be intercepted for the program to be effective.

In the absence of established standards, the Office of the Auditor General employed the services of three nationally recognized entomologists to evaluate the need for the inspection stations. The Office of the Auditor General developed data about the performance levels of the program for use by the three entomologists. This data was developed by (a) reviewing and verifying existing Commission data on the inspection stations, and (b) surveying more than 1,000 motorists passing through the stations.* The data developed revealed that inspection stations prevent entry of up to 86 percent of the fruits and plants quarantined either by directly intercepting the materials, or by deterring the motorists from bringing the materials.** However, self-reporting by the motorists surveyed shows 14 percent of the quarantined fruits and plants are concealed by motorists and are not intercepted by the stations. Table 3 summarizes these figures.

TABLE 3

LOTS OF FRUITS AND PLANTS INTERCEPTED,
DETERRED AND NOT INTERCEPTED BY THE STATIONS

	<u>Number</u>	<u>Percent of Total</u>
Lots intercepted (1)	108,000	56%
Lots deterred (2)	57,000	30%
Lots not intercepted (2)	27,000	14%

Sources: (1) Arizona Commission of Agriculture and Horticulture records (2) Analysis of the responses to the Auditor General's survey of motorists passing through the inspection stations

* A copy of the survey questionnaire is included as Appendix B.
** Results of the study on the deterrent effect of the stations are included as Appendix C.

After reviewing the data developed by our office, interviewing Commission staff and observing the operations of the San Simon station the three entomologists concluded "The quarantine program is needed in Arizona. Pests of a potentially serious nature are continually being intercepted at the borders." A full copy of the entomologists' report detailing their conclusions and recommendations is contained in Appendix A.

Inspection Procedures Are Weak

Although the consulting entomologists determined that the stations intercept a sufficient number of potentially serious pests to justify continuing the stations, both the consultants and our Office found the inspection procedures used by the stations are weak and need strengthening -- particularly the procedure of using verbal inspections.

The weaknesses are evident by the number of motorists concealing plants and materials when passing through the stations, and by the decrease in the amount of materials intercepted at stations using verbal inspections.

Motorists Are Concealing Materials - Survey responses from more than 1,000 motorists passing through inspection stations revealed that most motorists do not carry fruit and plants. However, 21 percent of the motorists who did have fruit, and 24 percent of the motorists who had plants, reported that they concealed these materials when passing through the stations. Thus, present inspection procedures are failing to detect and prevent the entry of a significant amount of quarantined materials.

Verbal Inspections Increase Concealment - The use of verbal inspections has a particularly significant effect on the concealment rate and the number of interceptions made. The proportion of motorists concealing fruit is one and one-half times greater among motorists passing through stations using verbal inspections than among motorists passing through stations where trunks are inspected. Further, in the second year following the change from trunk inspections to verbal inspections at the Ehrenberg and Yuma stations, there has been a marked decrease in the amount of materials intercepted. Table 4 shows the decreases that have occurred in the years since the changes were made in the inspection procedures.

TABLE 4

A COMPARISON OF THE NUMBER OF INTERCEPTIONS
VERSUS THE TYPE OF INSPECTION METHOD USED FOR
FISCAL YEARS 1975-76, 1976-77 AND 1977-78

<u>STATION</u>	<u>FISCAL YEAR 1975-76</u>		<u>FISCAL YEAR 1976-77</u>		<u>FISCAL YEAR 1977-78</u>	
	<u>(Trunk Inspections)</u>		<u>(Verbal Inspections)</u>		<u>(Verbal Inspections)</u>	
	<u>Vehicles</u>	<u>Interceptions</u>	<u>Vehicles</u>	<u>Interceptions</u>	<u>Vehicles</u>	<u>Interceptions</u>
Ehrenberg	1,204,634	5,356	1,266,487	6,505	1,165,451	2,528
Yuma	1,428,022	5,635	1,487,225	4,398	1,428,924	1,833

Source: Data prepared by the Arizona Commission of Agriculture and Horticulture.

Commission officials believe the primary reason for the decrease in interceptions in the second year of verbal inspections as shown in Table 4 is a growing awareness on the part of motorists that their vehicles will not be searched.

Commission officials have said:

The significant drop in interceptions for the Fiscal Year 1977-78 is undoubtedly due to repeat travelers who soon learn that it's more expedient to say no to the inquiry from the inspector than declare any plant material and have it be held up for inspection or rejection of such material.

Monitored Voluntary Compliance

Following their study of the present quarantine program, the consulting entomologists working on this audit recommended that the present inspection procedures be modified. They recommended that verbal inspections be eliminated and that a "monitored voluntary compliance system" be established.

Under the proposed system of monitored voluntary compliance two types of inspection lanes would be established at the stations for passenger vehicles. One lane would be reserved for motorists carrying fruits and plants. Traffic signs would instruct motorists with these materials to enter this lane where an inspector could check the materials. The other lane(s) would be reserved for motorists who are not carrying fruits and plants. These motorists could proceed at a slowed pace without stopping; however, vehicles would be selected at random intervals and be given a trunk inspection. If fruit and plants were found the driver would be subject to fines and penalties.

Reviewing the consulting entomologists' recommendation we determined:

- (a) a system of monitored voluntary compliance offers potential benefits over the present system, and
- (b) such a system could be initially established and tested at the Ehrenberg and Yuma stations without jeopardizing the effectiveness of the present program.

Benefits of Monitored Voluntary Compliance. - A system of monitored voluntary compliance offers at least three potential benefits over the present inspection system.

- (1) Increased effectiveness through the use of random trunk inspections. The decline in interceptions at stations using verbal inspections shows a need for some form of trunk inspections. Random inspections would provide this deterrent effect, provided violators are sufficiently penalized.
- (2) Decreased motorist inconvenience by not requiring all motorists to stop. Results of our motorist survey show 80 percent of the motorists do not carry fruits and plants. These motorists would no longer have to stop at the stations as they presently do.
- (3) Possible staff reductions because of decreased workload. Depending on the interval used to select passenger vehicles for inspection (such as every 10th vehicle versus every 200th vehicle) a reduction in workload and staff may be possible because inspections will no longer have to inspect all cars.

Pilot Testing. - A system of monitored voluntary compliance could be pilot tested and refined at the Ehrenberg and Yuma stations without jeopardizing the effectiveness of the present program and the \$250,000 contract for joint inspections with the California Department of Agriculture.

Testing the monitored voluntary compliance system at the Ehrenberg and Yuma stations would not jeopardize the effectiveness of the present system because the verbal inspections at the two stations have largely become an unmonitored, voluntary system. As Commission officials have previously noted (page 16) there has been a decline in interceptions at these two stations because motorists have learned their vehicles will not be searched if they do not voluntarily declare they have fruits and plants. Randomly selecting vehicles for inspection will prevent motorists from being able to assume that their vehicle will not be searched.

Also, testing the system at the two stations would allow the Commission to assess the effectiveness of the system by comparing interceptions under the monitored voluntary compliance system against interceptions from years when the stations performed trunk inspections and years when the stations have used verbal inspections. The Commission could use such comparisons in experimenting with how large an interval should be used to select vehicles for inspection. For example, does selecting every 100th car yield interceptions comparable to trunk inspections or comparable to verbal inspections? Does selecting every 10th car yield results comparable to, or better than trunk inspections?

Testing the system at the two stations would not jeopardize the \$250,000 received for joint inspections from the California Department of Agriculture. If California perceives that the joint inspection program is weakened, or if the Arizona program is discontinued, the California funds might be lost. Testing the system at the two stations not performing joint inspections would not jeopardize the California contract until the effectiveness of the new system can be demonstrated.

CONCLUSION

The plant quarantine program is needed and the inspection stations presently inspecting private passenger vehicles should continue to do so. However, current inspection procedures, particularly verbal inspections, need strengthening as 20 percent of the motorists carrying fruit and plants report that they conceal these materials when passing through the stations.

RECOMMENDATIONS

- (1) The inspection stations be continued.
- (2) The Ehrenberg and Yuma stations implement a system of monitored voluntary compliance. In implementing this system we recommend:
 - (a) the stations experiment to determine what size interval should be used to select cars for inspection based on the most cost-effective results, and
 - (b) persons found to be concealing materials be penalized to establish a deterrent effect.
- (3) After testing and developing the monitored voluntary compliance system at Ehrenberg and Yuma, the Commission take action to implement the system at the remaining three stations performing passenger vehicle inspection if the program is successful.

FINDING II

THE STATE OF ARIZONA COULD REALIZE \$220,000 ANNUALLY IN REDUCED COSTS AND INCREASED REVENUE IF MOTOR VEHICLE DIVISION INSPECTORS WERE USED TO PERFORM TRUCK INSPECTIONS AT FIVE BORDER STATIONS.

The Arizona Commission of Agriculture and Horticulture currently operates five plant quarantine border stations which only inspect trucks. Four of these stations (Parker, Kingman #1, Kingman #2 and Douglas) are co-located in the same facilities with Motor Vehicle Division (MVD) port-of-entry stations.* One station (Solomon) is not co-located with MVD, but covers the same highway (U.S. 70) that is covered by the MVD station at Duncan.

Reviewing the operations of these five stations we found:

- a) The Commission truck inspections are largely routine and could be easily performed by MVD inspectors.
- b) Inspectors from both the Commission and MVD are under-utilized; at four stations existing MVD staff could perform both MVD and Commission inspections.
- c) If the Commission contracted to have MVD perform its inspections, more inspections could be performed for both agencies, MVD could increase its collections by \$25,000 and staffing costs could be reduced \$195,000 per year.
- d) Officials of both agencies support the concept of combining workloads; however, statutory authority is needed to effect such a change.

Most Inspections Are Routine

The majority of the Commissions truck inspections are routine and could easily be performed by MVD inspectors in conjunction with their normal duties.

* As discussed on page 26, in October 1979 the completion of I-40 will bypass Kingman #1. MVD will move to a new station. The Commission did not receive funding to make the move and will discontinue its Kingman #1 station at that time.

Reviewing truck inspections, we found the Commission categorizes its inspections into three types of inspections:

- 1) Reviews of bills of lading - Commission inspectors review the bill of lading of each truck to determine whether the cargo contains agricultural goods. If the truck is hauling non-agricultural goods--such as steel--the bill of lading is stamped and the truck released.
- 2) Visual inspections - If the bill of lading shows the truck to be empty, or to be carrying cotton, machinery, oil drilling equipment, grain, nursery stock or citrus, the truck is visually inspected. The inspector looks to see that the truck is really empty and/or has no mud or materials that may be transporting pests.
- 3) Quarantine - If an inspector finds a truck is carrying materials covered by quarantine regulations he may: a) reject entry of the truck into the State, b) place the truck under a quarantine seal until it exits Arizona, or c) place the truck under a quarantine seal until it is treated and released under the direction of other Commission employees.

We found very few truck inspections involve quarantining a truck. The great majority of the inspections (88%) are limited to a quick review of the bill of lading--a task that could easily be performed during the course of a MVD inspector's duties. We also found many MVD inspectors are familiar with the Commission's inspection procedures and some MVD inspectors formerly served as Commission inspectors.

Table 5 summarizes the relative percentage of each type of Commission inspection performed and the time required.

TABLE 5

TYPES OF TRUCK INSPECTIONS PERFORMED
BY ARIZONA COMMISSION OF AGRICULTURE
AND HORTICULTURE INSPECTORS

<u>Type</u>	<u>Percent of Total Inspections</u>	<u>Minutes Required per Inspection</u>
Review bill of lading	88%	0.5
Visual inspections	8%	3.0
Quarantine	4%	7.0

Source: Time studies performed by the Arizona Commission of Agriculture and Horticulture.

Inspectors Are Under-Utilized

Inspectors from both the Commission and MVD are under-utilized. Inspections for both agencies could be combined and more efficiently handled by just one agency. The Motor Vehicle Division should be the agency to handle the combined inspections because 1) MVD inspections involve more duties, and 2) MVD inspectors must collect and handle cash.

The five stations examined are smaller stations with less traffic and lighter workloads than the other Commission stations. However, because of the nature of their operations they must be staffed around the clock. Ordinarily, five persons are required to operate a station around the clock using a minimum of one person per shift, three shifts per day, seven days per week. Thus, even a smaller station requires four to five persons. However, if it is to be opened on a continuous basis, these four or five persons may actually perform fewer inspections than one person working full-time. For example, we found one station has four inspectors who inspect 16,000 trucks per year. This is an average of less than two trucks per hour* or less than 15 percent of the inspections one full-time person can perform. As a result, inspectors have excessive idle time while they sit and wait for trucks. When there are inspectors from both the Commission and MVD waiting for the same trucks, the problem is compounded.

* By contrast, one person working at capacity can inspect 55-60 trucks per hour.

Comparing the present staffing levels of the two agencies at the five stations to the actual workload expressed in terms of full-time equivalent positions (FTE's) we found the combined staffing is more than three times greater than the combined actual workload. Table 6 shows the results of this comparison.

TABLE 6

A COMPARISON OF THE ARIZONA COMMISSION OF
 AGRICULTURE AND HORTICULTURE'S (ACAH) AND
 THE MOTOR VEHICLE DIVISION'S (MVD)
 STAFFING VERSUS WORKLOAD REQUIREMENTS

<u>Station</u>	<u>Present Staffing Level</u>			<u>Actual Workload (In FTE's)</u>		
	<u>ACAH</u> ¹	<u>MVD</u> ²	<u>Combined</u>	<u>ACAH</u> ¹	<u>MVD</u> ²	<u>Combined</u>
Parker	4	4	8	0.16	1.17	1.33
Kingman #1 (Highway 66)	1 ³	8	9	2.11 ³	5.12	7.23
Kingman #2 (Highway 93)	4	4	8	0.79	1.54	2.33
Douglas	4	2	6	0.12	0.33	0.45
Solomon-Duncan ⁴	<u>5</u>	<u>3</u>	<u>8</u>	<u>0.09</u>	<u>0.23</u>	<u>0.32</u>
Total	<u>18</u>	<u>21</u>	<u>39</u>	<u>3.27</u>	<u>8.39</u>	<u>11.66</u>

1 ACAH workload projections are based on time studies developed by ACAH.

2 MVD workload projections are based on time studies developed by the Office of the Auditor General in conjunction with MVD officials.

3 Kingman #1 was previously staffed by five persons and had an FTE workload of 2.11. However, in anticipation of the completion of I-40 which will by-pass the station, four vacancies have not been filled. Instead, the positions have been transferred to other stations. The 2.11 FTE is still shown because this is the workload that would be involved in any contract with MVD which will operate a station on I-40.

4 The Solomon station is not co-located with MVD. However, MVD does have a station at Duncan which covers the same main highway (U.S. 70).

Reviewing Table 6, it appears that the Commission will: 1) be able to eliminate its 18 positions, and 2) need to fund five additional MVD positions on a contract basis. These additional MVD positions will be needed because: 1) the combined workload of Kingman #1 exceeds MVD staff capacity on specific shifts, and 2) MVD stations at Douglas and Solomon-Duncan will need to extend their hours of operation to maintain around-the-clock quarantine coverage.

Staffing By Shift - The Commission would need to contract with MVD to fund two inspectors at the Kingman #1 station if MVD were to assume the Commission's inspection responsibilities. Traffic volume is not constant throughout the day at the Kingman #1 station. As a result, some shifts have more traffic and therefore heavier workloads. At the Kingman #1 station traffic is heaviest on the second and third shifts. The MVD inspectors on these shifts are already performing at or near capacity. Adding Commission inspection responsibilities to this workload would cause the workload to exceed the present MVD staff capacity.

No additional staffing would be needed to meet the increased workload on specific shifts at the other stations as shown in Table 7 which compares MVD current staffing to the combined actual workload of the Commission and MVD, by shift, at the five stations.

TABLE 7

A COMPARISON OF MOTOR VEHICLE DIVISION
STAFFING VERSUS THE COMBINED WORKLOAD
(IN FTE'S) OF THE COMMISSION OF
AGRICULTURE AND HORTICULTURE AND THE
MOTOR VEHICLE DIVISION, BY SHIFT AND
BY STATION

	Parker			Kingman #1			Kingman #2			Douglas			Solomon-Duncan		
	MVD Staff#	Combined Workload	MVD Staff#	Combined Workload	MVD Staff#	Combined Workload	MVD Staff#	Combined Workload	MVD Staff#	Combined Workload	MVD Staff#	Combined Workload	MVD Staff#	Combined Workload	
1st Shift	1	0.33	2	1.81	1	0.58	***	***	1	0.08	1	0.08	1	0.08	
2nd Shift	1	0.48	2	2.60**	1	0.83	1	0.22	1	0.11	1	0.11	1	0.11	
3rd Shift	1	0.52	2	2.82**	1	0.92	1	0.23	1	0.13	1	0.13	1	0.13	

h

Source: Analysis of time study data developed by the Office of the Auditor General and the Arizona Commission of Agriculture and Horticulture.

* Staffing is shown by the number of persons on duty during a particular shift and not as total staffing. Because of staff absences for such things as weekends, holidays and vacations, 4.85 full-time equivalent positions are required to have one person on duty at all times.
 ** Combined workload exceeds current MVD staff capacity.
 *** No MVD staff on duty on this shift.

Hours Of Operation - The Commission would need to contract with MVD to fund three inspectors if MVD is to perform the truck inspections at the Douglas and Solomon-Duncan stations on an around-the-clock basis. The Commission currently operates these stations 24 hours per day seven days a week while the MVD operates its Douglas station 16 hours per day, five days a week and its Duncan station 24 hours per day five days a week. Thus to maintain the current effectiveness of the quarantine program MVD would need to operate the same hours as the Commission does presently. It should be noted that increasing the MVD staffing by three positions at these two stations will still result in a net savings of six positions in that nine Commission positions will be eliminated. Further, by expanding to an around-the-clock basis the MVD will expand its inspection program by an estimated 6,400 trucks per year.

Benefits: Increased Inspections At Reduced Cost

Three benefits would result from MVD performing the Commission's truck inspections:

1. Inspections for both agencies would be increased,
2. MVD revenue collections could be increased by \$26,000, and
3. The costs of performing the inspections could be reduced by \$195,000 per year.

Increased Inspections - Inspections for both agencies could be increased if the Commission contracted with MVD to perform its inspections.

Commission inspections would be increased because it would allow the Commission to retain inspections of more than 200,000 trucks that will soon be by-passing the Kingman #1 station. Kingman #1 is located on U.S. Highway 66. When I-40 is completed at Kingman the present station will be by-passed. In October 1979 MVD plans to move to a new station that will inspect the I-40 traffic. The Commission did not receive funding to move to the new location with MVD. Therefore, the Commission has already reduced its Kingman #1 staff by attrition from five persons to one person and will close the station when MVD moves. If MVD contracted to do Commission inspections, then quarantine inspections will be performed on the 200,000 trucks per year that will travel I-40 and would not otherwise be inspected for insects and diseased plants.

Motor Vehicle Division inspections would be increased because it would allow MVD to operate longer hours at the Solomon-Duncan and Douglas stations. As previously discussed, the Commission currently operates more hours per day and more days per week at these stations than MVD. If the Commission contracted with MVD to maintain the same hours the Commission is currently maintaining, MVD would be able to inspect more than 6,300 trucks that it cannot currently inspect because of its more limited hours.

Increased Revenue - By increasing the number of MVD inspections performed through a contract with the Commission, the amount of revenue collected by MVD could also be increased. In 1978 the Douglas and Duncan stations collected \$48,000 in revenue from MVD truck inspections. Under a contract with the Commission to extend MVD's hours of operations, we estimate an additional \$26,000 would be collected each year.

Reduced Costs - While inspections could be increased, the costs of performing the inspections could be decreased by \$195,000 per year if MVD performed the Commission's truck inspections.

The Commission currently is funding 18 positions assigned to the five stations. If the Commission contracted with MVD it would need to fund five positions on a contract basis with MVD. Thus the Commission could reduce staffing by 13 positions.

We calculate the average cost of a Commission inspector's position to be approximately \$15,000 per year (including employee related expenses). Eliminating funding for 13 positions would therefore result in savings of \$195,000 per year.

Statutory Authority Is Needed

We discussed the possibility of MVD performing Commission inspections with both Commission and MVD officials. Officials from both agencies are supportive of the concept; however, MVD cannot enter into a contract to perform the inspections unless it is granted statutory authority to do so.

In an opinion requested by our Office, the Arizona Legislative Council reviewed the powers of the Commission and MVD to enter into a contract for joint inspections.* Arizona Legislative Council found the Commission can enter into a contract to have other agencies perform its inspections. However, MVD's current statutes only allow it to contract with other departments when such contracts: a) involve a federal benefit to the State for transportation, or b) are necessary to carry out the duties of the Department of Transportation.

Arizona Legislative Council thus concluded:

"Though the Arizona Commission of Agriculture and Horticulture apparently may contract for the joint operation of agricultural inspection stations and for the joint performance of inspection functions, the Motor Vehicle Division of the Department of Transportation may not. Specific statutory authority must be granted to the Department of Transportation before such a contract would be valid.

CONCLUSION

Using the Motor Vehicle Division to conduct truck inspections for the Arizona Commission of Agriculture and Horticulture would result in a) an increase in the number of inspections performed by both agencies, b) an increase of \$26,000 in revenue collected by MVD, and c) a savings to the State of \$195,000 per year in reduced inspection costs.

* A full copy of this opinion appears as Appendix D.

RECOMMENDATIONS

1. We recommend the Legislature provide the needed statutory authority for the Motor Vehicle Division to enter into a contract to perform inspections for the Arizona Commission of Agriculture and Horticulture.
2. When statutory authority is granted, we recommend the Arizona Commission of Agriculture and Horticulture contract with the Motor Vehicle Division to perform truck inspections at five stations. We recommend the contract amount be for the equivalent of five positions to allow MVD to meet the increased workload and extend its hours of operations.
3. We recommend appropriate adjustments then be made in the budget of the Arizona Commission of Agriculture and Horticulture to reflect the savings of eliminating 13 positions.

FINDING III

FEES SHOULD BE CHARGED TO RECOVER AN ADDITIONAL \$72,000 IN UNRECOVERED COSTS FOR NURSERY, APIARY AND SEED INSPECTIONS.

Substantial portions of the Nursery, Apiary* and Seed Programs could be appropriately funded through the imposition of inspection and license fees rather than general fund appropriations. The cost of the three programs in fiscal year 1978-79 was more than \$131,000 of which only \$12,000 was recovered by fees. An additional \$72,000 could have been recovered if Arizona charged fees for these services similar to the fees charged by other states.

Nursery Services

According to the Arizona Commission of Agriculture and Horticulture's 1977-78 Annual Report, "nursery stock is one of the highest risks of introduction of dangerous insect pests and diseases into Arizona." In order to detect and abate such introductions, inspectors of the Pest Control Division make annual and spot inspections of the 1,600 nurseries and plant dealers in the state. Thus, the existence and operation of nurseries has created a necessary inspection burden for the Commission. The cost of these inspections in fiscal year 1978-79 was over \$61,000. The entire program cost is supported by state general funds. No authority exists to collect either certificate or inspection fees.

A survey conducted by the Office of the Auditor General revealed that 38 other states charge fees for either nursery licenses, certificates or inspections. In Washington, the nursery program is entirely funded by fees and in Arkansas, fees provide more than 90 percent of the Nursery Program's funding. Table 8 shows the fees charged for licensure, certification or inspections by state.

* An Apiary is a place where bees are kept.

TABLE 8

SURVEY OF STATE DEPARTMENTS OF AGRICULTURE
NURSERY INSPECTIONS

State	License or Certify* Nurseries to do Business?		Inspect Nurseries for Pests?		If yes, how frequently must they be inspected?	Fees Charged for:	
	Yes	No	Yes	No		License or Certificate	Inspections
1. Alabama	X		X		Annually	Growers \$20 - \$100 Dealers (retailers): \$10 per location	No fee
2. Alaska		X		X	Annually	No fee	No fee
3. ARIZONA	X		X		Annually	\$10	\$30 plus charge for yard space over 500 sq. ft.
4. Arkansas	X		X		Annually	\$50 plus acreage fee	No fee
5. California	X		X		Not specified	Yes - no amounts given	Yes - no amounts given
6. Colorado	X		X		Annually	No fee	No fee
7. Connecticut	X		X		Not specified	No fee	No fee
8. Delaware	X		X		Annually	No fee	No fee
9. Florida	X		X		Not specified	\$10 - \$200	No fee
10. Georgia	X		X		Annually	\$5/acre Min: \$15 Max: \$200	No fee
11. Hawaii	X		X		Not specified	Com. Exporter: \$10	\$10 - \$20
12. Idaho	X		X		Annually	\$15	No fee
13. Illinois	X		X		Annually Greenhouses: twice/year	\$15 - \$125, depending on acreage	Special inspections: \$8/hr. plus mileage
14. Indiana	X		X		Annually	\$15	\$10 plus 50¢/acre
15. Iowa	X		X		Annually	\$5 - \$65	No fee
16. Kansas	X		X		Annually	\$20	\$2/acre
17. Kentucky	X		X		Annually	\$5/dealer	\$5/inspection
18. Louisiana	X		X		Twice/year	Up to \$25	No fee
19. Maine	X		X		Annually	\$5 (for 3 years)	No fee
20. Maryland	X		X		Annually	\$20	\$1 per acre up to \$500
21. Massachusetts	X		X		Annually	\$20 (Nursery agents)	\$5 - \$35
22. Michigan	X		X		Annually	\$25	\$10 first acre; \$5 each additional acre
23. Minnesota	X		X		Not specified	\$25 - \$200 based on gross sales	\$15 - \$300 based on acreage
24. Mississippi	X		X		Twice/year	No fee	No fee
25. Missouri	X		X		Annually	No fee	Less than 1/2 acre: \$5 1/2 to 1 acre: \$10 Each additional acre: \$1

* See following page

TABLE 8

SURVEY OF STATE DEPARTMENTS OF AGRICULTURE
NURSERY INSPECTIONS

State	License or Certify* Nurseries to do Business?		Inspect Nurseries for Pests?		If yes, how frequently must they be inspected?	Fees Charged for:	
	Yes	No	Yes	No		License or Certificate	Inspections
26. Montana	X		X		Twice/year	\$10, \$20, or \$30	\$10 per certificate
27. Nebraska	X		X		Annually	No fee	\$5 plus 50¢/acre
28. Nevada	X		X		Annually	\$25	No fee
29. New Hampshire		X	X		Annually	No fee	No fee
30. New Jersey	X		X		Annually	No fee	No fee
31. New Mexico	X		X		Annually	\$10, \$25	\$10, \$25
32. New York	X		X		Annually	\$15	No fee
33. North Carolina	X		X		Annually	\$5 first acre; \$1 each additional acre	No fee
34. North Dakota	X		X		Annually	\$10; Agent - \$5	No fee
35. Ohio	X		X		Annually	Dealer - \$20 Grower - \$30 plus \$1/acre	No fee
36. Oklahoma	X		X		Annually	\$12.50	\$5/acre
37. Oregon	X		X		Annually	\$40 - \$500	Additional fee for special certification
38. Pennsylvania	X		X		Annually	No fee	No fee
39. Rhode Island	X		X		Annually	\$10	No fee
40. South Carolina	X		X		Annually	No fee	No fee
41. South Dakota	X		X		Annually	\$10 - \$15	No fee
42. Tennessee	X		X		Annually	No fee	No fee
43. Texas	X		X		Annually	\$5 - \$25	No fee
44. Utah	X		X		Annually	\$10	No fee
45. Vermont	X		X		Once or twice a year	No fee	No fee
46. Virginia	X		X		Annually	\$10; Dealers - \$2	No fee
47. Washington	X		X		Twice/year	\$25	\$12/hr.
48. West Virginia	X		X		Not specified	\$10, \$20	No fee
49. Wisconsin	X		X		Annually	\$10, \$35 or more depending on acreage and volume of business.	No fee
50. Wyoming	X		X		Annually	\$10	No fee

* Licensing precludes a nursery from doing business until certain requirements are met, including a periodic inspection and the payment of a fee. In some states, "certifying" may be identical or similar to licensing. In other states, including Arizona, certification may not be required in order to do business, but is merely a declaration that the certified nursery is free of dangerous pests and diseases.

Two arguments can be cited in favor of charging license, certificate or inspection fees: 1) the cost of nursery inspections should be paid, at least in part, by those who make the services necessary, and 2) some nurserymen directly benefit economically from the inspections. To illustrate how such a direct economic benefit occurs, consider the rose business in Arizona.

One of the state's largest growers ships rose bush cuttings out-of-state in large numbers. However, some other states will not accept such shipments unless they are accompanied by Commission certificates declaring the plants to be free of pests and disease. The Commission must provide several staff weeks of inspection services in order to issue the certificates for these shipments. For example, during the shipping season of this grower, two Commission employees spend a week at the grower's dealer's packing shed looking for diseases and pests common to rose plants. During the growing season, Commission staff sample the fields of this same grower for nematodes. This process requires the Commission's plant pathologist and an assistant to dig and analyze soil samples over a two-month period, consuming about four staff weeks of actual time. In total, this one rose grower receives more than \$2,000 worth of Commission services at no cost. In effect, this nursery business is being subsidized by the State General Fund.

At least \$37,000 of the \$61,000 in nursery inspection costs could be recovered annually if general nurseries, growers and wholesalers were annually charged \$25 plus \$5/acre for a license or certificate, and florists and incidental nursery dealers were annually charged a flat \$10 for a license or certificate. The proposed fees for general nurseries, growers and wholesalers would be similar to those used by California and 15 other states which vary the fees according to business size. In addition, hourly and mileage charges for special certification inspections, such as those provided the rose grower described above, would increase the recovery of costs by several thousand dollars annually.

Apiary Services

Bee diseases are highly contagious, and if not controlled can cause significant economic damage as a result of reduced crop pollination and honey production. The Apiary Services Section of the Pest Control Division is responsible for the inspection of all apiaries to detect and abate disease.

As with nursery services, no statutory authority exists to charge fees for apiary inspections. Therefore, the costs of apiary services are supported by the State General Fund. In fiscal year 1978-79 these costs were approximately \$38,000.

Beekeepers benefit directly from apiary inspection services in that the control of bee diseases enhances their economic well being. It appears that the regulatory and educational work of the State Apiary Inspector has been effective in controlling some bee diseases as the overall infection rate of American Foul Brood disease in Arizona has declined measurably since 1974.

In addition, some commercial beekeepers receive many hours of free Commission staff time which permits them to move their hives into other states. Further, Commission staff provide free consultation services upon request to hobbyists and commercial beekeepers. In 1978, it cost approximately \$11,000 to certify 15,000 bee colonies in Arizona, an average of 73 cents per colony. According to the State Apiary Inspector this average cost should go down slightly in 1979 because of changes in the inspection procedures.

An Auditor General survey revealed that 48 states inspect apiaries and that 25 states charge a fee for one or more of the following services: licensing, hive registration, regular inspections, or certification inspections. Licensing or registration fees generally fund regular inspections. Table 9 summarizes the fees charged by various states for apiary services.

The State Apiary Inspector favors the establishment of a fee structure, particularly for certification inspections. He recommends a 50 cent per colony charge for certification inspections and other inspections performed upon request. If a 10 cent per colony fee were also charged for all beekeepers registering their hives as some other states do, more than \$15,000 of the \$38,000 in apiary inspection costs could be recovered.

TABLE 9
 SURVEY OF STATE DEPARTMENTS OF AGRICULTURE
 APIARY INSPECTIONS

State	Requires Beekeepers to:		Does State Inspect Apiaries?		Amounts Charged for:		
	Obtain Licenses	Register Their Hives	Register Their Brands	Yes	No	Licensing or Registration	Certification Inspection
1. Alabama	X			X		1-25 colonies: \$2 Over 25 col: \$5-\$25	No fee
2. Alaska					X	No fee	No fee
3. ARIZONA	X			X		No fee	No fee
4. Arkansas	X			X		0-9 col: no charge 10-7500 col: \$7.50 - \$120 Over 7500 col: \$150	Cost of inspection
5. California	X		X	X		1-50 col: \$5 Over 50 col: \$10-\$25	
6. Colorado	X			X		No fee	No fee
7. Connecticut		X		X		No fee	No fee
8. Delaware		X		X		No fee	No fee
9. Florida		X		X		No fee	No fee
10. Georgia		X		X		\$25 (life-time)	No fee
11. Hawaii					X		
12. Idaho		X		X		10¢/colony	\$10/hr. (\$20 min) plus mileage
13. Illinois		X		X		No fee	No fee
14. Indiana				X		No fee	No fee
15. Iowa				X		10¢/colony	No fee
16. Kansas				X		1-3 colonies: 25¢ Over 3 col: 5¢ each	No fee
17. Kentucky	X	X		X			No fee
18. Louisiana				X		10¢/colony; \$1 min.	No fee
19. Maine	X	X		X		No	No fee
20. Maryland		X		X		1st apiary: \$3.50 \$1 each additional apiary	Cost of inspection
21. Massachusetts				X		\$5 registration; 15¢/colony for regular inspection	25¢/colony
22. Michigan		X		X			No fee
23. Minnesota	X	X		X			No fee
24. Mississippi				X			\$5 first 5 hives opened; 50¢ per hive after 5; plus mileage
25. Missouri				X			\$20 plus per diem and travel expenses
26. Montana			X	X		\$5 - \$200	\$3
27. Nebraska				X			25¢/colony
28. Nevada		X		X			No fee
29. New Hampshire				X			

TABLE 9
 SURVEY OF STATE DEPARTMENTS OF AGRICULTURE
 APIARY INSPECTIONS

State	Requires Beekeepers to:		Does State Inspect Apiaries?		Amounts Charged for:		
	Obtain Licenses	Register Their Hives	Register Their Brands	Yes	No	Licensing or Registration	Certification Inspection
30. New Jersey		X		X		No fee	No fee
31. New Mexico		Commercial Apiaries only		X		\$2 - 5 per apiary; \$200 max./beekeeper	No fee
32. New York				X		\$1/hive	No fee
33. North Carolina	X (Queen breeders)	X (Voluntary)		X		10¢/colony	No fee
34. North Dakota	X	X		X		\$1/apiary	No fee
35. Ohio		X		X		No fee	No fee
36. Oklahoma		X		X		\$1 plus 15¢/colony over six	No fee
37. Oregon		X		X		No fee	No fee
38. Pennsylvania		X		X		No fee (\$50 fine for not registering)	No fee
39. Rhode Island		X		X		No fee	No fee
40. South Carolina				X		15¢/colony	No fee
41. South Dakota		X		X		No fee	A fee is charged, but no amounts given
42. Tennessee		X		X		50¢/(per hive)	
43. Texas	X	X	X	X		\$5	
44. Utah		X		X		No fee	
45. Vermont		X		X		No fee	No fee
46. Virginia		X		X		No fee	No fee
47. Washington		X		X		No fee	\$12/hour
48. West Virginia	X	X		X		No fee	No fee
49. Wisconsin		X		X		No fee	Cost of inspection
50. Wyoming		X		X		No fee	No fee
	8	34	2	48	2		

(County Inspectors)

Seed Control

The State Seed Inspector enforces state and federal seed laws by visually inspecting container labels and taking seed samples which are analyzed for compliance with standards. Seed dealers are in violation if they sell seed which 1) has germination tests which are out of date, 2) does not meet standards of purity, germination rate or noxious weed seed content, or 3) lists a substantially higher quality on its label than is shown by a sample test.

The seed regulatory program cost approximately \$32,000 in fiscal year 1978-79, of which \$11,700 was recovered through license fees and other charges. State law requires all persons who sell or process seed in Arizona to obtain a license and pay a \$10 fee. This provides approximately \$11,000 in revenue. In addition, the Commission has collected approximately \$700 by charging a fee of \$3.25 per half-hour for field and warehouse certification fees and \$1.00 for the issuance of phytosanitary certificates. However, the Attorney General's Office has recently advised the Commission that no statutory authority currently exists to charge fees for the certification inspections.

A survey conducted by the Office of the Auditor General revealed that 25 other states fund part or all of their seed program through fees. Table 10 shows the results of that survey. As shown in Table 10 eight states (Arkansas, California, Indiana, Minnesota, North Dakota, Ohio, Oklahoma and Washington) recover 100 percent of their inspection program costs through the use of fees.

TABLE 10

FINDING SOURCES FOR STATE
SEED CONTROL PROGRAMS*

State	Source of Funds:	
	General Fund	Fees
1. Alabama	25%	75%
2. Alaska	100	0
3. ARIZONA	62	38
4. Arkansas	0	100
5. California	0	100
6. Colorado	100	0
7. Connecticut	100	0
8. Delaware	90	10
9. Florida	66	34
10. Georgia	100	0
11. Hawaii	95	5
12. Idaho	100	0
13. Illinois	100	0
14. Indiana	0	100
15. Iowa	95	5
16. Kansas	60	40
17. Kentucky	20	80
18. Louisiana	100	0
19. Maine	100	0
20. Maryland	100	0
21. Massachusetts	100	0
22. Michigan	100	0
23. Minnesota	0	100
24. Mississippi	75	25
25. Missouri	75	25
26. Montana	80	20
27. Nebraska	100	0
28. Nevada	100	0
29. New Hampshire	**	**
30. New Jersey	100	0
31. New Mexico	87	13
32. New York	100	0
33. North Carolina	65	35
34. North Dakota	0	100
35. Ohio	0	100
36. Oklahoma	0	100
37. Oregon	75	25
38. Pennsylvania	100	0
39. Rhode Island	100	0
40. South Carolina	100	0
41. South Dakota	100	0
42. Tennessee	75	25
43. Texas	100	0
44. Utah	100	0
45. Vermont	100	0
46. Virginia	100	0
47. Washington	0	100
48. West Virginia	99	1
49. Wisconsin	100	0
50. Wyoming	95	5

* Source: Responses to questionnaires sent to state departments of agriculture by the Office of the Auditor General.

** The New Hampshire Legislature cut all seed funds in fiscal year 1978-79.

The eight states that recover all inspection program costs through fees base their inspection fees on business volume. This is done in two ways: 1) by assessing a surcharge or inspection fee based on the pounds of seed sold, or 2) by assessing fees based on the dollar amount of seed sold. For example, Indiana collects 6 - 16¢ per 100 pounds of seed sold, depending on the type of seed. Washington collects 10¢ per 100 dollars of seed sold plus a \$10 - \$20 permit fee from each dealer. California also follows this latter approach, collecting 15 - 20¢ per 100 dollars of seed sold plus an annual permit fee. Under either method, only companies whose names are on the labels or tags of the seed packages pay the fees. However, the Washington/California method charging per 100 dollars of sales has the advantage of automatically increasing regulatory funding as inflation increases.

If Arizona charged 10¢ per 100 dollars of seed sales, and continued the statutory 10 dollar license fee, the full costs of the \$32,000 seed control program could be recovered.

It should be noted that the concept of assessing inspection fees based on business volume to fund the inspection program already exists in two of the State's other agricultural regulatory programs - Fruit and Vegetable Standardization and the State Chemist. Both of these programs are entirely self-supporting and are funded by inspection fees based on volume of business.

CONCLUSION

Arizona could appropriately fund an additional \$72,000 of the \$131,000 costs of its nursery, apiary and seed inspection programs through the use of fees. This would be consistent with both the practice followed by other states and the practice followed in other programs supervised by the Arizona Commission of Agriculture and Horticulture.

RECOMMENDATIONS

1. The Commission be given statutory authority to collect fees for the nursery inspection program. Fees should be variable, depending on the acreage, and type of nursery.
2. The Commission be given statutory authority to recover all costs of special nursery certification inspections. These costs might best be recovered by hourly and mileage charges.
3. The Commission be given statutory authority to charge fees for apiary inspection services. A combination of a variable or per colony registration fee plus a fee for certification inspections might be the best approach.
4. The Commission be given statutory authority to collect seed permit fees which vary according to a dealer's volume of business.

FINDING IV

GREATER ACTION AND STRONGER PENALTIES ARE NEEDED IN THE ENFORCEMENT OF THE NATIVE PLANT AND STATE SEED LAWS.

The Compliance Division of the Agriculture and Horticulture Commission is responsible for the enforcement of both the Native Plant and State Seed laws. Our review of the two programs revealed that the enforcement methods used and penalties imposed are not sufficient to deter violations of these laws.

Native Plant Law Enforcement

Native plants (including both cacti and specified native trees) are protected by the provisions of ARS 3-901 through 3-909. These statutes make it illegal to "...destroy, dig up, mutilate, or take any living plant, or the living or dead parts of any trees, except fruit, of the protected group..." without obtaining permission from the landowner and permits from the Arizona Commission of Agriculture and Horticulture.

The Native Plant Program within the Compliance Division of the Commission is responsible for carrying out the provisions of these statutes relating to the protection of native plants. The Program has five full-time staff* who perform duties such as: issuing permits for sale and transportation of native plants, surveying land to provide for the removal of native plants endangered by road or other construction, providing training regarding the provisions of the Native Plant Law, and investigating and assisting in the prosecution of Native Plant violators.

In reviewing the Native Plant Program we found:

- a. Additional coverage can be obtained if Arizona law enforcement officers were trained regarding native plant laws.
- b. The current penalties for Native Plant violations are not severe enough. As a result, crime can pay for Native Plant violators.

* Including the Division Director.

Training For Law Enforcement Agencies - The Compliance Division has five full-time employees assigned to the Native Plant Program and the equivalent of two full-time district employees. Thus the Native Plant Law is being enforced over 113,575 square miles of Arizona landscape that is populated with protected native plants by the equivalent of only seven full-time employees.

As a result, each employee is responsible for an average of 16,225 square miles of Arizona landscape. This limited coverage could be greatly increased if the Department directed more effort to training Arizona law enforcement officers in the provisions of the Native Plant Law.

Arizona Revised Statute 3-906 provides for the enforcement of the Native Plant Law by both Commission employees and any peace officer in the state. This statute provides for the potential of having every police officer in Arizona enforcing the Native Plant Law in addition to the seven Commission employees. However, these police officers are not currently enforcing the Native Plant Law because, according to the Director of the Compliance Division, law enforcement agencies currently do not know about, or support enforcement of, the Native Plant Law.

The Office of the Auditor General contacted ten Arizona law enforcement agencies* located in areas heavily populated by protected native plants. Based upon information provided by these agencies, it appears that they are supportive of the Native Plant Law. However, according to officials of these agencies their officers have not had the training needed to properly enforce the law. For example, officials at seven agencies reported their officers had received no training in the enforcement of the Native Plant Law. In fact, the most training in the enforcement of the Native Plant Law any agency reported receiving was two hours in 1977.

* The ten agencies surveyed were:

Phoenix Police Department
Maricopa County Sheriff's
Department

Arizona Game and Fish Department
Arizona Highway Patrol
Graham County Sheriff's
Department

Pima County Sheriff's Department

Santa Cruz County Sheriff's Department
Cochise County Sheriff's Department

Yuma County Sheriff's Department
Pinal County Sheriff's Department

A review of staff utilization statistics for the Native Plant Program revealed that no formal program exists to train law enforcement agencies in the enforcement of the Native Plant Law. Available records indicate limited time is spent on such training.

Current Penalties Are Too Light

Present penalties are not severe enough to deter violations of the Native Plant Law. Currently, the first violation of the Native Plant Law is a class three misdemeanor which carries a maximum fine of \$500 and a possible 30 day jail sentence. Most fines are actually much smaller, however, and jail sentences are rare.

Table 11 summarizes the penalties imposed for 125 convictions of Native Plant violations during the ten year period 1968-1978.

TABLE 11

SUMMARY OF PENALTIES IMPOSED FOR CONVICTIONS
OF VIOLATIONS OF THE NATIVE PLANT LAW
FROM 1968 THROUGH 1978

<u>Penalty</u>	<u>Number</u>	<u>Percent</u>
Fines	108	87%
Probation	13	10
Jail Sentence	<u>4</u>	<u>3</u>
Totals	<u>125</u>	<u>100%</u>

Source: Arizona Commission of Agriculture and Horticulture case files.

A review of the 108 fines shown in Table 11 revealed that the fines are in many cases small, especially when compared to the market value of the plants that are taken. Although the average fine imposed was \$87, in one instance a man who stole \$4,800 worth of cacti was convicted and fined only \$55. In another instance, more than \$2,500 of cacti was taken and no fine was imposed.

The relatively low fines faced by violators, compared to the potentially high market value of the plants taken, may actually be an incentive for persons to commit Native Plant violations. Our review showed that 53 percent of the persons convicted of Native Plant violations are subsequently re-convicted for additional Native Plant violations. The number of convicted violators that have continued to violate the Native Plant Law but escaped detection cannot be determined.

According to staff of the Attorney General's Office the penalties for Native Plant Law violations are not severe enough to serve as an effective deterrent. Further, both the Attorney General's staff and Commission employees stated that county attorneys may be reluctant to prosecute "less serious" violations such as Native Plant cases. One solution to this problem would be to provide the Commission with civil enforcement powers for the Native Plant Law. Similar powers have been recently given to the Banking Department and have been very effective in reducing violations in the banking area.

Civil enforcement powers would authorize the Commission to use the Attorney General rather than the county attorneys to bring an action in Superior Court against violators. Any person found to have willfully violated the Native Plant Law would be subject to a civil penalty of up to \$5,000. This process would allow the fine for violating the Native Plant Law to be equal to, or greater than, the value of the plants taken. In addition, the Commission could also obtain an injunction which would subject the repeat violator to both contempt of court proceedings and an additional civil penalty of \$10,000. The members of the Attorney General's Office said experience with civil enforcement powers has shown that violations of court injunctions do result in severe fines and jail sentences which have the effect of reducing repeat offenses.

State Seed Law

Arizona Revised Statute 3-231 through ARS 3-242 comprise the State Seed Law. This law establishes labeling requirements for "Each container of agricultural, vegetable and ornamental plant seed sold, offered for sale, exposed for sale or transported within the state for sowing purposes...." The seed must be truthfully labeled and must show the results of a germination test performed no earlier than nine months before the date of sale.

The Compliance Division of the Commission is responsible for the enforcement of the State Seed Law. One of its employees serves as the State Seed Inspector. The inspector visually inspects seed container labels and takes samples of seeds for laboratory analysis to determine compliance with the law. Our review of the enforcement of the State Seed Law revealed that present seed regulatory actions are not sufficient to discourage repeat violations. Enforcement effectiveness could be improved by periodically publishing a list of violations and those companies responsible for them.

Publishing Violations - Presently, the penalties imposed for violations of the State Seed Law are not an effective deterrent. Seed law violations are generally treated alike, regardless of the number of times a company has violated the law. If a violation is found, a "Stop-Sale" order is issued by the State Seed Inspector who removes the seed from sale until label corrections are made. After the label corrections are made the State Seed Inspector issues a "release" order and the seed can be sold.

An analysis of "Stop-Sale" orders issued during 1977 and 1978 revealed that some companies are chronic violators of the law and apparently not deterred by the present "Stop-Sale" penalty. Table 12 summarizes, by company the number of seed samples taken, the number of "Stop-Sale" orders issued, and the percentage of "Stop-Sale" orders issued to the number of seed samples taken during 1977 and 1978.

TABLE 12

SUMMARY, BY COMPANY,* OF THE NUMBER OF SEED
 SAMPLES TAKEN, THE NUMBER OF "STOP-SALE"
 ORDERS ISSUED AND THE PROPORTION OF
 "STOP-SALE" ORDERS ISSUED TO THE NUMBER
 OF SEED SAMPLES TAKEN DURING 1977 AND 1978

<u>Seed Company</u>	<u>Number of Seed Samples Taken</u>	<u>Number of Stop-Sale Orders Issued</u>	<u>Proportion of "Stop-Sale Orders Issued to Number of Seed Samples Taken</u>
A	65	1	1.5%
B	38	1	2.6
C	228	9	3.9
D	19	1	5.3
E	67	4	6.0
F	16	1	6.3
G	12	1	8.3
H	10	1	10.0
I	17	2	11.8
J	127	15	11.8
K	37	6	16.2
L	211	35	16.6
M	12	2	16.7
N	24	5	20.8
O	32	9	28.1
P	15	5	33.3
Q	20	9	45.0

Source: Data compiled by the Office of the Auditor General from Arizona Commission of Agriculture and Horticulture documents.

* Data was analyzed on companies having ten or more violations.

As shown in Table 12, some companies repeatedly violate the Seed Law. For example, nearly half of the samples taken for Seed Company Q revealed a violation of the Seed Law.

A survey conducted by the Office of the Auditor General revealed that 20 other states periodically publish lists of companies that violate those states' seed laws. These lists are distributed throughout the seed industry and frequently to officials in other states. Table 13 summarizes the 20 states that publish the names of companies that violate seed laws, the manner in which violations are publicized and official responses regarding the effect publicizing companies has on their seed control program.

TABLE 13

SUMMARY OF STATES THAT PUBLISH THE NAMES
OF COMPANIES THAT VIOLATE SEED LAWS, THE
MANNER IN WHICH VIOLATIONS ARE PUBLICIZED,
AND OFFICIAL RESPONSES REGARDING THE EFFECT
PUBLICIZING COMPANIES HAS ON THEIR
SEED CONTROL PROGRAM*

<u>States That Publicize The Names Of Companies That Violate State Seed Laws</u>	<u>The Manner In Which Violators Are Publicized</u>	<u>Official Responses Regarding The Effect Publicizing Companies Has On Their Seed Control Program</u>
1. Alabama	Quarterly Report	Increases effectiveness.
2. Arkansas	Monthly State Plant Board News; 9,600 circulation	"The most effective control tool we have."
3. Colorado	Annual Report	No response given.
4. Connecticut	Report on Findings	Increases effectiveness to a degree.
5. Florida	Quarterly Laboratory Report	Increases effectiveness.
6. Indiana	Annual Report	Increases effectiveness. Used as a sales tool by seedmen.
7. Kentucky	Annual Report	"Very effective."
8. Maryland	Department Reports and News Releases	No response given.
9. Massachusetts	Annual Publication	Increases effectiveness.
10. Nebraska	Annual Laboratory Report	Increases effectiveness.
11. New Jersey	Annual Report	"Definitely increases effectiveness."
12. North Carolina	Department's Agriculture Review	Increases effectiveness. Seedmen prefer fines over publicity.
13. North Dakota	Annual Publication	No response.
14. Oklahoma	Annual Publication	Increases effectiveness.
15. Pennsylvania	Annual Report	Increases effectiveness if repeat violators.
16. Rhode Island	Annual Publication	Increases effectiveness.
17. South Dakota	Annual Laboratory Report	Increases effectiveness.
18. Utah	Annual Report distributed to seed dealers	No response.
19. Virginia	Monthly Report	Increases effectiveness. Seedmen prefer fines over publicity.
20. West Virginia	Annual Laboratory Report sent to industry.	Increases effectiveness.

* Source: Responses to a survey of state seed control programs conducted by the Office of the Auditor General.

As shown in Table 13, All 16 of the States that responded to the question regarding the effect publicizing companies has had on their seed control program felt that it improved their program's effectiveness. In fact, one state official responded that it was "the most effective control tool we have."

The federal seed enforcement officials also acknowledge the deterrent value of publicizing company violation information. The United States Department of Agriculture (USDA) issues news releases on interstate seed violations, and provides copies of the news releases to the Arizona Seed Inspector to forward to local newspapers. However, the Seed Inspector does not forward the USDA news releases.

We also found the Arizona Office of the State Chemist, an agency supervised by the five member Arizona Commission of Agriculture and Horticulture, publishes the results of all feed, fertilizer and pesticide samples taken by its inspectors during the year. All companies sampled are listed in its annual report along with the number of samples drawn and the number and types of violations found. According to the State Chemist such a procedure has a deterrent effect.

The Seed Inspector does not publish USDA or Arizona violations of seed laws because he feels it would harm the Division's working relationship with seed companies.

CONCLUSIONS

1. Greater enforcement of the Native Plant Law could be achieved through training and education of law enforcement officers in this law.
2. Current actions and penalties are ineffective in deterring violations of both the Native Plant law and the State Seed law.

RECOMMENDATIONS

1. The Commission develop an on-going program to train law enforcement officers on the state, county and city levels in Native Plant law.
2. The Legislature provide the Commission with civil enforcement powers similar to those granted the Banking Department.
3. The State Seed Inspector publish and distribute seed violation data on a quarterly or annual basis. In order to present the data fairly, the total number of seed samples taken from each company and the seriousness or type of violations should be included.

FINDING V

STATUTORY CHANGES ARE NEEDED TO ELIMINATE OBSOLETE AND UNNECESSARY REQUIREMENTS AND DUPLICATION OF EFFORT.

Our review of the Arizona Commission of Agriculture and Horticulture revealed several needed statutory changes to eliminate obsolete and unnecessary requirements and duplication of effort. The statutes that should be amended are:

1. Sale of Citrus Fruit (ARS 3-551 et seq.)
2. Quarantine Radius of Infected Apiaries (ARS 3-803.B)
3. Date Standardization Inspections (ARS 3-471 et seq.)

Sale Of Citrus Fruit

Sections 3-551 through 3-555* of the Arizona Revised Statutes make it unlawful to buy or sell citrus fruit at the wholesale level without a record or invoice of the sale. Furthermore, the invoice is to be preserved for six months at the place where the citrus fruit is offered for resale and shall be available for inspection by law enforcement officers and persons desiring to purchase the fruit. The Commission is charged with the administration and enforcement of this article including supplying fruit dealers with appropriate forms.

Neither the State Entomologist nor the Supervisor of Inspection is enforcing these provisions. They do not know the original intent of these statutes and doubt the provisions have ever been enforced. The Supervisor of Inspection feels that the original intent was to discourage citrus thefts. In earlier years, much fruit was sold directly from groves to fruit stands; by requiring invoices of sale to be kept, thefts from groves might be discouraged. Commission personnel see no current need for these statutes.

Quarantine Radius Of Infected Apiaries

Arizona Revised Statutes 3-803.B is unnecessary and unreasonable and should be amended to eliminate the three-mile quarantine radius requirement.

* Appendix E contains a full text of ARS 3-551 through 3-555.

Arizona Revised Statutes 3-803.B requires immediate quarantine of all apiaries within a three-mile radius of an apiary found infected with American Foul Brood disease and states,

"Bees shall not be moved into or out of the quarantined district without written permission from the inspector."

This provision has become unnecessary and unreasonable according to both the State Apiary Inspector and the President of the Arizona Beekeepers' Association. Modern chemical treatment techniques can effectively prevent the spread of American Foul Brood to nearby colonies without applying a quarantine radius. Also, in normal beekeeping operations hives must be moved several times a year to follow the "honey flow" or be moved on an emergency basis to avoid pesticide damage.

Currently, the three-mile quarantine radius is not being applied or enforced and compliance would create unnecessary hardship on beekeepers.

Data Standardization Inspections

Sections 3-471 through 3-476 should be amended to eliminate duplication of effort between the State Entomologist and the Supervisor of Inspection.

State law provides for dates to be inspected to ensure that they meet standards of quality. Arizona Revised Statute 3-471* et seq. gives the responsibility for these date standardization inspections to the State Entomologist. Yet ARS 3-486* gives the same authority to the Supervisor of Inspection. As a result, date inspections are performed by employees of both the State Entomologist and the Supervisor of Inspection. Inspectors from both agencies visit many of the same establishments for these inspections. The amount of duplication that is occurring cannot be determined due to a lack of adequate records, however, any duplication is wasteful and should be discontinued.

* Appendix F contains the full text of ARS 3-471 and 3-486 et seq.

Officials in both agencies are agreeable to shifting responsibility for data standardization inspections to the Supervisor of Inspection. This would place all fruit and vegetable standardization duties under the Supervisor of Inspection and eliminate duplication.

CONCLUSION

Several statutory changes are needed to eliminate obsolete and unnecessary requirements and duplication of effort.

RECOMMENDATIONS

1. Arizona Revised Statutes 3-551 through 3-555 be repealed.
2. Arizona Revised Statute 3-803 be amended to eliminate quarantine radius requirements.
3. Arizona Revised Statutes 3-471 through 3-476 be amended to transfer responsibility for date standardization to the Supervisor of Inspection.



Arizona Commission of Agriculture and Horticulture

1688 WEST ADAMS • PHOENIX, ARIZONA 85007 • (602) 255-4373



September 14, 1979

Douglas R. Norton, Auditor General
112 North Central, Suite 600
Phoenix, Arizona 85004

Dear Mr. Norton,

I have had a chance to review the draft of the "Performance Audit of the Arizona Commission of Agriculture and Horticulture". Your staff is to be commended for a job well done. However, I would take this opportunity to make a few observations.

The Quarantine program is not of a routine nature. It requires careful observation, good judgment, and a basic background in the Plant and Plant Pest Sciences. I believe a more in-depth audit should be carried out in regard to Finding II. I believe this audit would indicate that the Arizona Commission of Agriculture and Horticulture should be used to perform truck inspections at the five border stations for the Motor Vehicle Division rather than the other way around.

In Finding III, under Nursery Services, there is no mention that Arizona does not require quality standard of nursery plant material. Not only do many other states charge fees, but they also have what is known as "a dead and dying law". This addition to Arizona's program would require no additional manpower but does require legislation.

It is our experience that publicizing "Stop-Sale Orders" as indicated in Finding IV under State Seed Law, will not aid in law enforcement nor be in the public interest. We take the lead that the legislature has provided in Section 3-240, A.R.S., that "the commission shall publish any information pertinent to the issuance of the judgment by the court ...". Complaints of poor quality seed would be a good measure of the effectiveness of the enforcement of this law, and these types of complaints are rare.

Again in Finding IV under Native Plant Law Enforcement, we have an excellent record of cooperating and working with the law enforcement agencies of Arizona. In fact, during 1978 our records indicate that more than 175 hours were spent in training these cooperators. We published an insert for law enforcement officers' notebooks in October 1978. Over 5,000 copies of this 23 page supplement have been distributed.

Thank you for the opportunity to review the draft of the Performance Audit and to make these comments.

Sincerely,

James R. Carter
Director



ARIZONA DEPARTMENT OF TRANSPORTATION

MOTOR VEHICLE DIVISION

1801 West Jefferson Street, Phoenix, Arizona
MAILING ADDRESS: P.O. Box 2100, Phoenix, Arizona 85001

BRUCE BABBITT
Governor

WILLIAM A. ORDWAY
Director

September 6, 1979

PHILIP THORNEYCROFT
Assistant Director

The Honorable Douglas R. Norton, CPA
Auditor General
State of Arizona
Suite 600
112 North Central Avenue
Phoenix, Arizona 85004

Dear Mr. Norton:

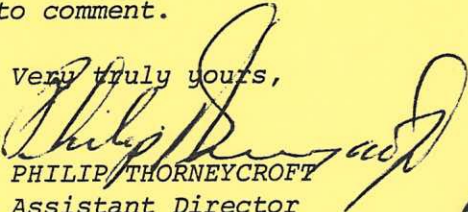
Thank you for the opportunity to read and comment on the findings of your audit of the Arizona Commission of Agriculture and Horticulture that pertains to the port-of-entry stations occupied jointly by the Commission and this Division.

We enjoy an excellent rapport with Director James Carter and his staff and have discussed the desirability of merging our operations more closely as is suggested in your report, and believe it to be a proper and appropriate step to take.

The Motor Vehicle Division is currently looking at ways and means of improving our overall activities at the ports, with special emphasis on expanding our weight enforcement function. I believe your recommendations fit right into our ideas, but would suggest that the proposed inter-agency agreement (after appropriate legislative authority is obtained) be expanded to include the major ports as well as the five stations identified in your report. I do not suggest that all personnel at the larger ports be transferred to MVD, and perhaps none of them, but by agreement, MVD personnel could be given the authority and responsibility to verify loads being transported and refer the appropriate drivers to the Commission employees as necessary. This would dovetail neatly with our current thinking for port modifications aimed at increasing traffic flow through the port while also increasing weight control.

Again, thanks for the opportunity to comment.

Very truly yours,


PHILIP THORNEYCROFT
Assistant Director
Department of Transportation
Motor Vehicle Division

PT:s



APPENDICES

APPENDIX A

THE CONSULTING ENTOMOLOGISTS'
REPORT ON THE NEED FOR
THE INSPECTION STATIONS
AND
RESUMES DETAILING THE CONSULTANTS'
QUALIFICATIONS

Mr. Douglas R. Norton, CPA
Auditor General, State of Arizona
Suite 600
112 North Central Avenue
Phoenix, AZ 85004

Dear Mr. Norton:

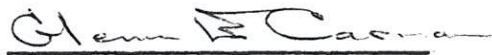
At your request we have reviewed the border quarantine inspection program of the State of Arizona. We discussed goals and procedures with Arizona Commission of Agriculture and Horticulture officials, observed operation of the inspection station at San Simon, and examined various documents pertaining to the program. We were received courteously and given full cooperation by every State employee we contacted.

Our principal conclusions and recommendations are as follows.

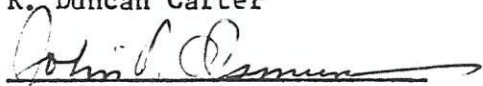
1. The quarantine program is needed in Arizona. Pests of a potentially serious nature are continually being intercepted at the borders.
2. The present inspection program is weak. Fewer than half of the raw fruits and vegetables and living plants crossing the borders in private vehicles are being intercepted.
3. The program can be strengthened by modifying inspection procedures. Many options for modification can be considered. But after weighing such factors as cost effectiveness, increased detergency, and minimal interference with the traveling public, we favor eliminating "verbal inspections" of vehicles and establishing instead a system of MONITORED VOLUNTARY COMPLIANCE.
4. The inspection program could be further strengthened by improving its supporting services. (intrastate detection survey, laboratory services, and data accumulation and retrieval). We recommend:
 - a. Separating the detection survey program from pesticide use reporting.
 - b. Adding a biologist to the Division of Pest Control to assist in identification work and in the development of statistical and biological data on quarantined pests.
 - c. Developing a convenient computer system for storing, retrieving, and analyzing significant data.

Our complete report, together with further remarks of individual members of the consulting team, will be forthcoming under separate cover.

Sincerely yours,


Glenn E. Carman


R. Duncan Carter


John V. Osmun

DC:
7/12/79


Mr. Douglas R. Norton, CPA
Auditor General, State of Arizona
Suite 600
112 North Central Avenue
Phoenix, AZ 85004

Dear Mr. Norton:


The complete report of our review of the Arizona border quarantine inspection program, together with further remarks of individual members of the consulting team, is enclosed.

We appreciate the opportunity to serve the people of the State of Arizona, and we hope our report will prove informative and useful.

Sincerely yours,


Glenn E. Carman


R. Duncan Carter


John V. Osmun

DC:

Encl.

7/22/79

REVIEW OF THE ARIZONA QUARANTINE INSPECTION PROGRAM
MAY 8-10, 1979

Glenn E. Carman ^{1/}, R. Duncan Carter ^{2/}, and John V. Osmun ^{3/}

Introduction

At the request of Douglas R. Norton, CPA, Auditor General of the State of Arizona, we have reviewed the Arizona border quarantine inspection program. During the period May 8-10, 1979, we conferred with officials of the Arizona Commission of Agriculture and Horticulture in Phoenix, and observed the operation of the inspection station at San Simon. We examined numerous documents (listed in Appendix I) pertaining to the program.

We proceeded in our evaluation on the premise that the program should be consistent with the definition of plant quarantine established by the National Plant Board^{4/}. We found that in general the elements of a sound quarantine program are present: properly located inspection stations, experienced personnel, a positive attitude on the part of the Director, a pest identification service, chemical and other control procedures, and a survey and detection program. We believe improvements can be made in procedures at inspection stations, in pest identification, and in the degree of sophistication of the survey system. In addition, the methods used to accumulate and retrieve pertinent statistical and biological data need updating to make them cost-effective and to increase usefulness of the data in managing the quarantine program. Details of these points are discussed in our conclusions and recommendations below.

We were received courteously and given full cooperation by every State employee we contacted. William Thomson of the Auditor General's office was especially helpful. Our principal contacts in addition to Mr. Thomson were: James R. Carter, Director, Arizona Commission of Agriculture and Horticulture, and State Entomologist; Orval A. Vaughan and John A. Bedford, Assistant Directors; Judson E. May, Systematic Entomologist for the Commission; Douglas R. Norton, Auditor General; and Jerry Mills and Steve Thacker, office of the Auditor General.

^{1/}Department of Entomology, University of California, Riverside, CA

^{2/}Corporate Agricultural Research, Del Monte Corporation, San Leandro, CA

^{3/}Department of Entomology, Purdue University, Lafayette, IN

^{4/}DEFINITION: A quarantine is a restriction, imposed by duly constituted authorities, whereby the production, movement or existence of plants, plant products, animals, animal products, or any other article or material, or the normal activity of persons, is brought under regulation, in order that the introduction or spread of a pest may be prevented or limited, or in order that a pest already introduced may be controlled or eradicated, thereby reducing or avoiding losses that would otherwise occur through damage done by the pest or through a continuing of control measures.

because of the adverse reactions of the public to inconvenience, loss of time, and intrusion of privacy, to revert to an intensive border inspection program would necessitate overcoming powerful disincentives to gain public and governmental acceptance.

B. Intensive border inspection at the Continental Divide

State and/or Federal agencies would support and operate inspection stations at an approach to each major highway crossing of the Continental Divide. The stations would be in operation at all times and the inspection procedures would be thorough. The number of Continental Divide stations that would be required is about the same as the number required for an optimal program in the State of Arizona alone. Since benefits would accrue to many States, the operation would be most appropriately and effectively funded and administered by the Federal government.

Any quarantine needs existing between States on either side of the Continental Divide would require local programs of the type now used at the Arizona-California border. But border inspections at the Continental Divide would save Arizona most of the present cost of operating the eastern border stations.

C. Full inspection program only at major border stations

All Arizona border stations would be maintained or placed back in operation. But only the four or five major entry points would have stations in operation at all times and with the requirement for complete inspection of all vehicles. The remaining stations would be open on the basis of unannounced schedulings and with variable degrees of completeness of inspection. All stations when in operation would carry out a full inspection of trucks. Interceptions at the major stations would be maximized by rigid inspection requirements. Public inconvenience and antagonism would be minimized by providing sufficient inspection lanes and inspector personnel to limit the time required for the clearance of each entering vehicle. Operation of the minor stations would contribute to the number of interceptions but such stations would primarily function to discourage the movement of unacceptable plant material by informed people, and to prevent purposeful routings through the minor entry points as a means of by-passing inspections at major stations. The deterrence value of the minor stations would be enhanced to the degree that entering drivers and occupants were fully informed of the regulations and penalties assessable for violations, and to the degree that the drivers had previously observed the thorough, serious-minded, and exemplary operations at the major border stations. The cost of operating under this option would be greater than the cost of current operations.

D. Rotating station operations

All border stations that have been or may be established would be maintained in an operational mode as in option C. But only one or two would be conducting inspections at any one time. Rotation of the stations operating would be scheduled at random. All inspections would be thorough and on a 24-hour basis during the operational period for a station.

- F. Voluntary compliance with inspector selection of vehicles to be subjected to involuntary inspection.

This procedure would utilize the basic concept of option E with respect to voluntary compliance. But inspectors -- not a randomizing device -- would determine which cars to subject to involuntary inspection. Each vehicle not voluntarily submitting to inspection would be required to stop for preliminary questioning and inspector appraisal.

Option F would not require a randomizing system or vehicle counters. But it would be less cost-effective than option E would be, because it would require more inspectors' time.

Discussion

We appreciate that many factors must be considered in determining the feasibility of instituting any set of procedures for effective, yet workable and acceptable management of a quarantine operation of this kind. Experienced quarantine officers can best make such judgments and determinations, and the listing of options above, while not entirely comprehensive, detailed, or inclusive, is provided for their professional evaluation. Such evaluation should be made in the light of our views that:

1. There is a continuing need and justification for quarantine measures to minimize or prevent the introduction of economic plant pests into Arizona which have the potential to cause extensive damage and production losses.
2. Inadequate budgetary support and/or the lack of public acceptance of the functional aspects of the program have brought about procedural changes which have (a) reduced the effectiveness of the border inspection operations below acceptable standards and (b) prompted criticism that the program is not sufficiently protective of Arizona's interests to justify the residual support level.
3. There is a need therefore to reinforce program effectiveness by budgetary augmentation if required and by means to achieve the desirable program objectives with the least inconvenience to or antagonism of the public at large.

For the reasons stated above and with recognition that option A represents an arbitrary and at this time unattainable standard, we believe it will be most useful to emphasize the following points for consideration:

1. Reliance must be placed to a major degree on deterrence.
2. Deterrence effectiveness is dependent upon adequate and timely information to the public of the needs, the regulations, and the penalties in relation to quarantines, and upon the visible invocation of penalty provisions when violations are committed.
3. Posting readable (and conceivably poly-lingual) signs in reduced-speed zones in to approaches to inspection stations may be the most practical

Laboratory and other technical services

An effective quarantine inspection program requires timely identification of potential pests. The Commission is fortunate in having a systematic entomologist of Judson May's caliber to head this part of the program. It is apparent, however, that his current overall responsibilities to the total quarantine program are too demanding to permit him to handle all of the needed identifications while providing surveillance and continuous training of inspectors at the stations. Currently his other duties include being a resource person for other staff, preparing individual quarantine reviews, and reviewing literature. We recommend adding to the laboratory staff a graduate biologist with aptitude and training in taxonomy, to assist the systematic entomologist.

Strengthening services in this way will encourage submission of specimens for identification and verification, and make the knowledge of pest occurrence more timely and useful. Further, it will increase time available for statistical and biological analysis functions.

Additional support for the program could be gained by strengthening liaison and cooperation between the Commission and the University of Arizona. Our review indicated there is only limited use of the University as a resource to undergird the program. Mutual benefits could be realized, were the liaison improved. Regularly scheduled strategy meetings between the Director and appropriate University Department Heads could strengthen both the Commission's programs and the University's research efforts by promoting maximum utilization of the State's numerically limited personnel resources.

Data accumulation and retrieval

A wealth of data emanating from the quarantine program is available to the Commission. Valuable information includes, but is not limited to pests by host and location, seasonal occurrence of pests, types of vehicles transporting pests, and relative deterrent value of various inspection stations, by pest. As far as we could determine, whatever information is accumulated is still collected and logged manually, as has been the custom for years. This procedure is time-consuming and inefficient. It hinders retrieval and analysis of the data.

We recommend development of a convenient computer system for storing, retrieving, and analyzing significant statistical and biological data for the quarantine program. With such a system, many benefits can be realized which should improve the overall effectiveness of the program. For example, whatever system of inspection is instituted, it can be quickly tested and modified until it is functioning efficiently. Immediate signals will be given as to the nature and extent of pest problems, trends in pest interception frequency, and most likely means of entry. The survey program, which should be a continuing check of quarantine effectiveness, can be made both quantitative and predictive by the use of computer analysis, thus increasing its value to the entire State and to neighboring States. Also, elements of the taxonomic program can be enhanced by computerization. Certainly not the least important use of the system would be to handle information on public reaction and participation in various aspects of the quarantine program.

Comment: This ant is not directly damaging to citrus crops but is undesirable in those production areas where effective parasites and/or predators are contributing substantially to control of economic pests. When large numbers of this ant species are foraging for honeydew or other natural food available to them in the trees, their movements so interfere with the feeding, ovipositing, and other activities of natural enemy species that the effectiveness of these natural enemies is largely lost. Destroying the Argentine ants and preventing neighboring colonies from entering the orchard area contributes significantly to the success of biological control. With natural control entities poorly established or minimally effective in the citrus-producing areas of California having climatic conditions similar to those in the citrus areas of Arizona, and with the prospect that the Argentine ant has already been introduced and established in Arizona, we believe this species should be reclassified as a "B" pest, provided it is confirmed that infestations exist in the State. It should be noted that this ant is a nuisance pest around homes and other structures, but is not aggressive and is as readily controlled as other ant species encountered in such areas.

3. Suggestion: Remove tephritid flies listed in Quarantine R3-1-57 and place them in Quarantine R3-1-75, or drop some entirely.

Comment: We favor centering quarantines of multiple-host pests on the pests rather than the host material. We lacked sufficient information to judge the feasibility of dropping certain species from the listing, but view this aspect of the suggestion with concern. Foreign and seldom-encountered tephritids could be retained in the quarantines to provide a basis for cooperative Federal-State action.

4. Suggestion: Drop Quarantine R3-1-59 (Khapra beetle).

Comment: This quarantine should be retained to provide a basis for cooperative Federal-State action.

5. Suggestion: Remove certain species from one quarantine regulation and place them in another (R3-1-75, R3-1-58, R3-1-67).

Comment: We believe such adjustments can best be decided internally but should be guided by the principle that quarantines of multiple-host pests should be centered on the pests rather than the host material.

6. Suggestion: Prohibit growing of soca or stub cotton in Arizona.

Comment: We decline to comment except to caution that the State's decisions in this regard must take into account a wide variety of possible weather and pest infestation conditions.

7. Suggestion: Undertake a complete review and bioclimatic studies in support of Quarantines R3-1-61, R3-1-63, and R3-1-77.

Comment: We believe that bioclimatic studies with climatic conditions of Arizona could provide a sound basis for review of these quarantine regulations, and that the State should conduct such a review.

8. Suggestion: No change should be made at present in Quarantines R3-1-55, R3-1-60, and R3-1-69.

Comment: We agree.

MATERIALS REVIEWED BY THE CONSULTING TEAM

- A. Arizona Revised Statutes, Annotated, Title 3
- B. Arizona Commission of Agriculture and Horticulture (ACAH) Documents
 - 1. ACAH 1977-78 Annual Report
 - 2. ACAH July 1977 Monthly Review
 - 3. ACAH Quarantine Regulations Manual
 - 4. ACAH Border Station Training Manual
 - 5. ACAH training materials "Important Pests Covered By State or Federal Plant Quarantines"
 - 6. ACAH "Statewide California Red Scale Treatment Program 1969-79"
 - 7. ACAH Table "Passenger Vehicular Traffic and Quarantine Interceptions - Calendar Year 1978"
 - 8. ACAH Table "Statistical Analysis, Calendar 1978 Interceptions"
 - 9. ACAH "Spot-check Operations on By-Pass Roads Into Arizona"
 - 10. ACAH "Spot-check Program - Remarks by Orval A. Vaughan" November 1976
 - 11. ACAH Commission Meeting Minutes of:
 - July 13, 1976 (page 1)
 - July 22, 1977 (page 2)
 - April 18, 1978 (page 3)
 - October 3, 1978 (page 2)
 - 12. ACAH "Summary of Potential Harm That Realistically Could Be Expected From Now-Quarantined Pests Under Arizona Conditions"
 - 13. ACAH Table "Estimated Percentage of Private Vehicles That Is Recreational Vehicle Traffic (By Station) For Fiscal Year 1977-1978"
 - 14. ACAH Table "Numbers of Private Vehicles Passing Through Stations During Fiscal Year 1976-1977"
 - 15. ACAH Table "A Comparison of Yuma and Ehrenberg Stations For Fiscal Years 1975-76, 1976-77, and 1977-78, As To The Number Of Private Vehicles Inspected And Number Of Interceptions" with accompanying staff analysis of the reasons for the declining number of interceptions.
 - 16. ACAH Table "Numbers of Private Vehicles Passing Through Inspection Stations During FY 1976-77 and FY 1977-78"

- Schedule of Staffing, Number of Inspections, and Number of Rejections for the 10 Stations
- ACAH Staff Correspondence regarding Inspection Station staff
- Annual Workload at Inspection Stations
- California Department of Agriculture Study of Commercial Flights (November 1971)
- California Department of Agriculture Study of Private Aircraft (1970)
- California Department of Agriculture Study of the Volunteer Stopping Program at the Meyers Station
- California Department of Agriculture 1978 Exterior Exclusion Annual Report
- California Department of Agriculture study of the deterrent effect of inspection stations (July 1968)
- ACAH "Total Number of Rejections for Quarantines FY 1976-77"
- ACAH "Multi-Purpose Inspection Station statistics FY 1975-76"
- California Department of Agriculture study "Deterrent Factor and Interception Efficiency" (Oct. 1977)

D. Maps

1. Highway Map of the Western United States
2. Arizona Highway Map
3. Map of Arizona Major Soil Groups
4. Map of Arizona Vegetation
5. Map of Arizona Climatic Regions
6. Map of Arizona Average Annual Precipitation
7. Map of Arizona Average Monthly Precipitation
8. Map of Arizona Average January Temperature
9. Map of Arizona Average July Temperature
10. Map of Arizona Average Number of Days Without Killing Frost
11. Map of Arizona Average Ground Water Level In Selected Basins and Areas
12. Map of Arizona Major Dams and Irrigated Areas
13. Map of Arizona Crop Distribution
14. Map of Arizona Public Lands

E. Other

1. National Plant Board "Principles of Plant Quarantine"
2. Arizona Department of Transportation Traffic On The Arizona State Highway System 1978
3. Letter of appointment of the consulting team (copy attached)

DOUGLAS R. NORTON, CPA
AUDITOR GENERAL



BILLIE J. ALLRED, CPA
DEPUTY AUDITOR GENERAL

SUITE 600
112 NORTH CENTRAL AVENUE
PHOENIX, ARIZONA 85004
255-4385

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

SUITE 820
33 NORTH STONE AVENUE
TUCSON, ARIZONA 85701
882-5465

April 27, 1979

Mr. Duncan Carter
7644 Surrey Lane
Oakland, California 94605

Dear Mr. Carter:

This is to confirm the arrangements made by telephone to have you provide consulting services to our office. As discussed previously, it is our intention to accept your generous offer of providing your services to us without charge other than the expenses you incur. And, as also discussed, we will pay as your travel expenses the equivalent cost of airfare should you choose to drive to Phoenix rather than fly.

We are proposing that you include the following activities in the course of your consulting activity:

- (a) Review the goals and procedures of the quarantine program with officials of the Arizona Commission of Agriculture and Horticulture (ACAH) including:
 - pests to be excluded by the program
 - sources of the pests
 - potential harm from the pests
 - likely methods by which the pests could be established in Arizona
 - the differences in the inspection procedures used among the stations
 - the necessity of private vehicle inspections at each of the five major stations
- (b) Review data on the nature and amount of materials being intercepted by each station and assess the pest risk involved
- (c) Review data developed by our office regarding the deterrent effect of the station and data regarding material not being detected by the stations
- (d) Observe the operation of at least one border station (preferably San Simon) to see the methods used, the material intercepted, and to talk to the staff, etc.
- (e) Review with ACAH officials the pest detection methods used, and the results, to determine the pests already established in Arizona
- (f) Prepare two written reports. One being a joint report with the other consultants employed. The other report being your own conclusions and recommendations.

Mr. Duncan Carter
April 27, 1979
Page Two

We would ask that the written reports provide your expert opinion on the following:

- (a) whether there is a need for the quarantine program
- (b) whether there is a need for inspection of private vehicles at each of the five major stations
- (c) whether you believe the current program is effective in excluding pests
- (d) what changes, if any, should be made in the operation of the program

Naturally, we want permission to reproduce and/or quote the written reports.

We look forward to working with you and appreciate your assistance. If the above proposal meets with your approval would you please sign a copy of this letter and return it to us. Would you also send a copy of your resume for our files.

Sincerely,



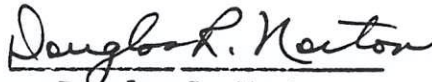
William Thomson

Approved

Approved *

4-27-79

Date



Douglas R. Norton
Auditor General

5-1-79

Date



Duncan Carter

*Expenses to be reimbursed include four nights' lodging, May 7-10.

REVIEW OF THE ARIZONA QUARANTINE INSPECTION PROGRAM
MAY 8-10, 1979

Additional remarks by R. Duncan Carter

The purpose of this supplementary report is to provide additional details of the Monitored Voluntary Compliance inspection procedure recommended by the consulting team. I believe it is important to spell out these details, to emphasize differences between the procedure we recommend and the voluntary compliance procedure that was tried in California and failed.

Monitored Voluntary Compliance involves deterrents which were absent in the California trial. Inspectors are present, and every vehicle is subject to inspection on the basis of random selection.

The basic Monitored Voluntary Compliance system is as follows.

1. Signs are posted in reduced-speed zones leading to each inspection station. The messages include (a) all vehicles subject to inspection, (b) trucks proceed to a designated lane, (c) vehicles carrying raw fruits or vegetables, or ornamental plants, proceed to designated lane for inspection, (d) vehicles not carrying these materials proceed to designated lane, and (e) failure to declare these materials is a violation punishable by fines and/or imprisonment.
2. Trucks are inspected in separate lanes as at present, utilizing Highway Department personnel where feasible.
3. Other vehicles are inspected in a "voluntary inspection" lane, or passed through a "nothing to declare" lane.
 - a. The voluntary inspection lane is manned at all times. The voluntary inspection consists of accepting material declared by the motorist and/or conducting a complete search of the vehicle.
 - b. The "nothing to declare" lane is not manned. Signs or signals tell the motorist to proceed without stopping. But from time to time, at random, vehicles passing through this lane are diverted aside for a complete search.
 - c. Periodically, using a roving inspector team, all vehicles passing through both the voluntary inspection and "nothing to declare" lanes are subjected to a complete search.

The deterrence value of this system will be enhanced if no class of vehicle, including recreational vehicles and buses, is exempt from inspection at any time of day or night. Violations should be prosecuted vigorously, and widespread publicity should be given to convictions.

Bus drivers allegedly encourage their passengers to conceal contraband. For this reason, a law should be enacted to prohibit any person, including specifically the driver of a public conveyance, from inducing or aiding failure to declare materials which are subject to inspection. If an appropriate statute is already in place, it should be enforced.

DC:
7/22/79

REVIEW OF THE ARIZONA QUARANTINE INSPECTION PROGRAM

MAY 8-10, 1979

Additional remarks by John V. Osmun

Additional comment is provided with respect to the liaison and cooperation that we recommended with the University of Arizona. I probably perceive this situation from a somewhat different perspective than do those accustomed to the extensive and diverse resources of the State of California. Thus, I wish to amplify the point.

Arizona, like my own State and many others in this country, has its entomological and pathological expertise concentrated in large measure at its single Land Grant Institution. It is there that specialists in taxonomy, chemical controls, integrated pest management, insect and pathogen research, and pest incidence prediction are working in coordinated team programs to serve the people of the State. This concentrated effort can be advantageous to the ACAH as a resource reservoir undergirding the quarantine program. For example, the following could be mutually strengthened through liaison: the survey program (making it more quantitative and predictive), the direction of research effort, the reference collection of insects, methods of pesticide use, and coordinated employment of IPM techniques.

With respect to the development of computer capabilities, Arizona is fortunate in having unusual entomological/computer expertise available for consultation. Dr. Roger Huber and Dr. F. G. Werner of the University of Arizona are among the best and undoubtedly would be available for this purpose.

Under the circumstances found in Arizona with numerical limitations in personnel resources, it would be expected that only mutual benefits would accrue from increased liaison and cooperation between the organizations.

Biographical Resume

Glenn E. Carman

Title and Affiliation:

Professor of Entomology and Entomologist
Department of Entomology
University of California
Riverside, California 92521

Personal:

Born--June 8, 1914, Waterloo, Iowa
Married--S. Trudy Quick
April 12, 1941
Children--Gail (33)
Gary (28)

Academic Training:

Central High School, Omaha, Nebraska, June 1932
Iowa State University, Ames, Iowa, June 1936 - B. S.
Cornell University, Ithaca, New York, January 1942 - Ph.D.

Post Graduate Affiliations:

Iowa State University, Ames, Iowa--Graduate School Fellowship,
June 1936-May 1937
Cornell University, Ithaca, New York--Research Fellowship, May
1937-January 1942
Rohm and Haas Company, Bristol, Penn.--Research Entomologist,
January 1942 to July 1943
University of California, Riverside, California--
Junior Entomologist, 1943-45
Assistant Entomologist, 1945-46
Associate Entomologist, 1946-53
Entomologist, 1953-present
Professor of Entomology, 1960-present
Acting Chairman, 1961-62
Chairman, 1963-68

Memberships in Professional Organizations:

Entomological Society of America
American Chemical Society
American Association for the Advancement of Science
Phi Kappa Phi
Society of Sigma Xi
Entomological Club of Southern California
International Society of Citriculture
Lemon Men's Club

Extra-Mural:

USDA Regional Committee W-45 .
Advisory Board, Ventura County Citrus Protective League
Entomological Society of America
 Chairman - Pacific Branch (1952)
 Committee on Insecticide Terminology (1947-52)
 Chairman - Program Committee (1962)
 Member of Governing Board (1965-68)
 Chairman - Program Evaluation Committee
American Red Cross, Riverside County Chapter
 Board - 6 years
 Executive Committee - 3 years
 Chairman, Disaster Committee - 4 years
Entomology Club of Southern California
 President (1954)
Select Committee, City of Riverside - 2 years
California State Department of Public Health, Vector Control
 Advisory Board
California Citrus Quality Council
 President
 Member of the Board
Federal Task Group on Occupational Exposure to Pesticides
Worker Safety (Pesticide) Advisory Committee (California State
 Department of Food and Agriculture)
Codex Alimentarius, Pesticide Residue Committee, member of U.S.
 delegation, 1972, 1975, 1977, 1978, and 1979
California-Arizona Citrus League, Survey assignment (South Korea)
WRCC-14 Technical Committee
Organization for Economic Cooperation and Development (OECD),
 Consultant (Greece)
United States Department of Agriculture, Expert Witness for
 General Counsel
Council for Agricultural Science and Technology (CAST), Task Force
United States Department of Agriculture, Consultant (Japan)
AIBS-EPA Invertebrate Control Task Group
California Agricultural Pest Control Association, ex officio Member
 of Board
EPA-USDA Chlorobenzilate Assessment Team - Member
EPA-USDA Dimethoate Assessment Team - Member
EPA-USDA Wood Preservative Assessment Team - Resource member

CARTER, R(ober) Duncan
Registered Professional Entomologist
7644 Surrey Lane, Oakland, CA 94605

Personal

Born March 2, 1929 in Twin Falls, Idaho.
Married 1950. Three children.

Education

1950. B.S. (Agriculture) University of California, Berkeley.
1954. Ph.D. (Entomology) University of California, Berkeley.

Employment (postgraduate)

1970 - present Manager Entomological Research, Del Monte Corporation.
1968 - 1970 Supervisor Entomological Services, Del Monte Corporation.
1955 - 1968 Entomologist, Del Monte Corporation.
1953 - 1955 Entomologist, U.S. Army.
1950 Entomologist 1 Temporary, Bur. Entomol., State of California.

Memberships, offices, current committees

1951 - present American Phytopathological Society.
1952 - present Entomological Society of America. Secretary-Treasurer Pacific Branch 1971-1976; Branch Representative on ESA Governing Board 1978-1980.
1952 - present Sigma Xi.
1957 - present Northern California Entomology Club. President 1969.
1972 - present American Registry of Professional Entomologists. Ethics Committee 1977-1979, Chairman 1977-1979; Examining Board (Regulatory Entomology) 1978-1980.

Publications and Task Force assignments

1956. Toxicity of Paratrioza cockerelli to Certain Solanaceous Plants. Paper 54, annual meeting, Pacific Branch, Entomological Society of America.
1960. Flooding for Control of Symphylids in Asparagus. Paper 49, annual meeting, Pacific Branch, Entomological Society of America.
1961. Distinguishing Sexes in Nymphs of the Tomato Psyllid, Paratrioza cockerelli. Annals Entomol. Soc. America 54(3):464-465.
1975. Restricted Pesticide Uses: Restriction Criteria, Certified Applicator Categories, and ARPE Specialties. Paper 46, annual meeting, Pacific Branch, Entomological Society of America.
1976. Consumer Protection Entomology from the Agribusiness Standpoint. Symposium, annual meeting, Entomological Society of America.
1976. CAST Task Force 55.
1976. USDA Task Force, Cooperative Plant Pest Report.
1978. The Importance of Chlordane and Heptachlor in Pineapple Culture. Paper 566, annual meeting, Entomological Society of America.
1979. A Processor's Viewpoint of IPM. Panel, annual meeting, Association of Applied Insect Ecologists.
1979. CAST Task Force 78.

EDUCATION:

University of Massachusetts, BS, 1940
Amherst College, MA, 1942
University of Illinois, PhD, 1956

PROFESSIONAL EXPERIENCE:

1942-46 U.S. Army Entomologist, including 3 years as Chief
Entomologist, First Army Command
1946-48 Research Entomologist, Merck & Company, Inc.
1955-56 Sabbatical, University of Illinois
1972 Sabbatical, Australia
1972-73 Leave with CSRS
1973-75 Leave with EPA (OPP, Director of Operations Division)
Consultant (Since 1975) - EPA, USDA, Food Processing Industry,
State of Kentucky (technical lawsuits), National Railroad
Applicators Associations

APPOINTMENT DATE: 1948

PRINCIPAL DUTIES:

Teaching (20% FTE)
ENTM 515. Pesticides and Their Formulations
Research (10% FTE)
Pesticide assessment. Interdepartmental coordinator; review
projects etc; Regional Executive Committee.
Extension (70% FTE)
Pesticide training and assessment. Interdepartmental
Coordinator. Departmental: food processing.

MEMBERSHIPS AND HONORS:

Entomological Society of America
Chairman, Resolutions Committee, 1956
Chairman, Finance Committee, 1961
Insecticide Terminology Committee, 1963
President, North Central Branch, 1964
Chairman, Professional Training Standards and Status, 1968-1971
Candidate for President, 1968, 75
Developer, American Registry of Certified Entomologists, 1971
Governing Board, 1970-73
International Congress of Entomology, Executive Committee
President, American Registry of Professional Entomologists, 1978
Scientific Commission to USSR, 1959
Secretary-General and Treasurer, 15th International Congress of
Entomology, 1972-1973 (Resigned to take a new position)
Indiana Academy of Science, Fellow
Pi Chi Omega (a founder and a past president)
Sigma Xi, AIBS, CAST
National Pest Control Association honorary member
Woods Hole Scholarship, 1941
Danforth Graduate Fellowship, 1955-1956
Phi Kappa Phi
Who's Who in America

American Men of Science
Pi Chi Omega Distinguished Service Award, 1972
Sigma Delta Chi (Best Teacher Award)
Iron Key Honorary (Purdue)
Alpha Zeta Honorary (Purdue)
Pi Chi Omega Book of Professional Services
CSRS Certificate of Merit

ACTIVITIES:

University:

Currently, temporary advisor for 2 master's students and serve
on 3 graduate student advisory committees
Graduate Committee and Teaching Committee
Chairman, Pesticide Training Advisory Committee
Pesticide Assessment Committee
Training Advisory Group on Continuing Certification
Member, Directors' Policy Committee on Pesticides

Professional:

1. Invitational (since 1975). Accepted 45 invitations to speak
other than Purdue commitments involving various aspects
of pesticide management (partial list).
1975. National Academy of Science, Purpose and philosophy
of pesticide laws and regulations.
1976. XV International Congress, Pesticide applicator
training, a factor in the management of pesticides.
1976. National Public Policy Education Conference, Chemicals
in agriculture and food as a case study.
1976. University of Illinois Centennial Lecture.
1978. State-Federal Advisory Council, Continuing certification
as an educational concept.

Other -

State

Secretary, Indiana Pesticide Council, 1969-1971
Indiana Pesticide Review Board, 1972-1976

Regional

Chairman, Regional department heads committee on entomology
and economic zoology (NCA-15), 1958-1966
Governors' 5-state Interdisciplinary Pesticide Council,
1969-1973 Chairman, 1972-1973. A founder
Executive Committee, N. C. Regional Pesticide Assessment
Research, 1978-79.
Committee on State/Federal pesticide regulation, 1976-79

National

NAS/NRC Committee on Insect-Pest Management and Control, 1966-1968
Developer, First National Workshop on Undergraduate Education in
Pest Control Technology, 1969

JOHN V. OSMUN

Chairman, Federal/State Task Group on Training Objectives and Standards, 1971-1972

Techn. Com. RICOP, on pest management curriculum development, 1972-1974

Papers at Regional and National ESA meetings: 18

Experiment Station Reviews: University of Florida, 1967 1972;
Washington State University; University of Idaho; Texas A&M;
Ohio State University; Iowa State University.

Mr. Douglas R. Norton, CPA
Auditor General, State of Arizona
Suite 600
112 North Central Avenue
Phoenix, AZ 85004

Dear Mr. Norton:

During our recent evaluation of the Arizona quarantine inspection program we were informed that the title "State Entomologist" is always held by the Director of the Commission of Agriculture and Horticulture, whether or not the Director is an entomologist by training or experience.

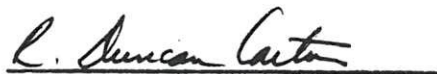
We believe any person holding an official title of "Entomologist" should be qualified for that title by training or experience. To confer the title of "State Entomologist" on a non-entomologist is inappropriate and misleading.

This is not to say, of course, that the Director of the Arizona Commission of Agriculture and Horticulture must be an entomologist. We suggest the offices should be distinct, so that a person could hold one or both of the offices, according to the person's training and experience.

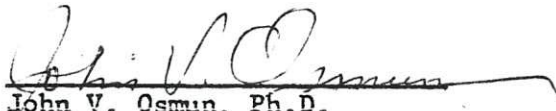
Sincerely yours,



Glenn E. Carman, Ph.D.



R. Duncan Carter, Ph.D.
Registered Professional Entomologist



John V. Osmun, Ph.D.
Registered Professional Entomologist

DC:
7/12/79

APPENDIX B

RESULTS OF THE OFFICE
OF THE AUDITOR GENERAL'S
SURVEY OF MOTORISTS PASSING
THROUGH THE INSPECTION STATIONS

APPENDIX B

SURVEY OF MOTORISTS

ARIZONA AUDITOR GENERAL'S OFFICE

Responses ()

Dear Motorist:

The Arizona State Legislature has asked the Auditor General to find out if the Arizona border inspection stations are effective and how people feel about them. You have just been through one of these stations. Would you help us by answering a few questions below and dropping this form in a mailbox today. We want your response to be anonymous, so do not sign this or use a return address on the envelope.

1. Border station:
 2. Home state: (1) Arizona (301) (2) other (704) No response (16)
 3. Destination (1) Arizona (520) (2) Outside Arizona (495) No response (6)
 4. If destination is outside Arizona, where do you plan to exit the State? (Please check one)

<input type="checkbox"/> (1) Nogales	<input type="checkbox"/> (4) Needles, CA (I-40)	* See below
<input type="checkbox"/> (2) Yuma	<input type="checkbox"/> (5) Hoover Dam (U.S. Hwy 93)	
<input type="checkbox"/> (3) Blythe, CA (I-10)	<input type="checkbox"/> (6) Other: _____	
 5. Were you aware of Arizona border stations before this trip?

<input type="checkbox"/> (1) Yes	<input type="checkbox"/> (2) No	Yes (871) No (147) No response (3)
----------------------------------	---------------------------------	------------------------------------
 6. When you arrived at the border station today, did you have any fruits or unshelled nuts in your vehicle?

<input type="checkbox"/> (1) Yes	<input type="checkbox"/> (2) No	Yes (206) No (809) No response (6)
----------------------------------	---------------------------------	------------------------------------
 7. Did you conceal any fruits or nuts when you went through the station?

<input type="checkbox"/> (1) Yes	<input type="checkbox"/> (2) No	Yes (43) No (976) No response (2)
----------------------------------	---------------------------------	-----------------------------------
 8. Did you have any plants in your vehicle?

<input type="checkbox"/> (1) Yes	<input type="checkbox"/> (2) No	Yes (62) No (956) No response (3)
----------------------------------	---------------------------------	-----------------------------------
 9. Did you conceal any plants when you went through the station?

<input type="checkbox"/> (1) Yes	<input type="checkbox"/> (2) No	Yes (15) No (997) No response (9)
----------------------------------	---------------------------------	-----------------------------------
 10. How many times have you passed through Arizona border inspection stations before this trip?

<input type="checkbox"/> (0) None (152)	<input type="checkbox"/> (3) Three times (43)	
<input type="checkbox"/> (1) Once (63)	<input type="checkbox"/> (4) More than three times (698)	
<input type="checkbox"/> (2) Twice (63)	No response (2)	
 11. How do you feel about the inspection stations?

<input type="checkbox"/> (1) They are needed to protect Arizona's agriculture.		(342)
<input type="checkbox"/> (2) They are only of limited usefulness.		(279)
<input type="checkbox"/> (3) They are totally unnecessary.		(247)
<input type="checkbox"/> (4) No opinion		(145)
		No response (8)
- (If you wish to comment on this or any other question, please use back side.)
12. Based on your experience, do you think these stations discourage tourists from coming to Arizona?

<input type="checkbox"/> (1) Yes	<input type="checkbox"/> (2) No	Yes (111) No (903) No response (7)
----------------------------------	---------------------------------	------------------------------------
 13. Were you aware that plant pests can be transported by motor vehicle traffic?

<input type="checkbox"/> (1) Yes	<input type="checkbox"/> (2) No	Yes (899) No (111) No response (11)
----------------------------------	---------------------------------	-------------------------------------

* Results are not shown because different questionnaires showing different exit points were used for eastern border vs western border stations.

APPENDIX C

THE OFFICE OF THE AUDITOR GENERAL'S
STUDY OF THE DETERRENT
FACTORS OF THE BORDER
INSPECTION STATIONS

DETERRENT FACTORS
BORDER INSPECTION STATIONS

Overall Deterrent Factor

$$\text{Deterrent factor} = \frac{X_2 - X_1}{X_1} \times 100$$

Where

X_1 = number of motorists who bring plants or fruits now.

X_2 = number of motorists who bring fruits or plants if stations do not exist.

There are two strata in the population:

Motorists (stratum A) who are not aware of the border stations and motorists (stratum B) who are aware of the stations.

If the stations do not exist, stratum B will become stratum A. Therefore, the deterrent factor can be estimated as follows:

$$X_1 = F + G$$

$$= 59 + 208$$

$$X_2 = 267$$

$$= F + E \frac{(H)}{(100)}$$

$$= 59 + 871 \frac{(40.1)}{(100)}$$

$$= 408.3$$

$$\text{Deterrent factor} = \frac{408.3 - 267}{267} \times 100$$

$$= 52.9\%$$

The deterrent factor, 52.9%, means that the percentage of motorists who bring fruit or plants to the border will increase by 52.9% if the stations do not exist. Note, however, that the overall deterrent factor would be significantly lower if Yuma was eliminated from the analysis.

Deterrent Factors by Station

Station	X_1	X_2	Deterrent factor	X 100 =
1. San Simon	$X_1 = 10 + 52 = 62$	$X_2 = 10 + 241 \frac{(22.7)}{(100)}$	Deterrent factor = $\frac{64.7 - 62}{62}$	X 100 = 4.4%
2. Sanders	$X_1 = 20 + 49 = 69$	$X_2 = 20 + 181 \frac{(40.8)}{(100)}$	Deterrent factor = $\frac{93.8 - 69}{69}$	X 100 = 35.9%
3. Cameron	$X_1 = 22 + 35 = 57$	$X_2 = 22 + 94 \frac{(59.5)}{(100)}$	Deterrent factor = $\frac{77.9 - 57}{57}$	X 100 = 36.7%
4. Ehrenberg	$X_1 = 3 + 34 = 37$	$X_2 = 3 + 140 \frac{(37.5)}{(100)}$	Deterrent factor = $\frac{55.5 - 37}{37}$	X 100 = 50.0%
5. Yuma	$X_1 = 4 + 38 = 42$	$X_2 = 4 + 213 \frac{(44.4)}{(100)}$	Deterrent factor = $\frac{98.6 - 42}{42}$	X 100 = 134.8%*

* This deterrent factor is unusually high in comparison with other stations. We feel it must be discounted and explained as follows: Yuma is a heavily populated area on both sides of the border. Much of the border station traffic is work-related (commuters, business trips, etc.) i.e., motorists who are aware of the station but, of course, have no fruit or plants. This increases the deterrent factor.

AGRICULTURE AND HORTICULTURE COMMISSION

DEFERRENT FACTORS

BORDER INSPECTION STATIONS

	<u>San Simon</u>	<u>Sanders</u>	<u>Cameron</u>	<u>Ehrenberg</u>	<u>Yuma</u>	<u>Overall</u>
A. Number of questionnaires distributed	790	618	281	430	543	2,662
B. Number of questionnaires responded	286	230	131	150	224	1,021
C. Percentage of returned to distributed	36.2	37.2	46.6	34.9	41.3	38.4
D. Number of motorists who were <u>not</u> aware of station	44	49	37	8	9	147
E. Number of motorists who were aware of station	241	181	94	140	213	871
F. Number of motorists who were <u>not</u> aware of station and brought plants or fruit	10	20	22	3	4	59
G. Number of motorists who were aware of station and brought plants or fruit	52	49	35	34	38	208
H. Percentage of motorists who were <u>not</u> aware of station and brought plants or fruit	22.7	40.8	59.5	37.5	44.4	40.1
I. Percentage of motorists who were aware of station and brought plants or fruit	21.6	27.1	37.2	24.3	17.8	23.9

NOTE: C = (B/A) X 100
H = (F/D) X 100
I = (G/E) X 100

APPENDIX D

ARIZONA LEGISLATIVE COUNCIL
MEMO DATED MARCH 28, 1979

ARIZONA LEGISLATIVE COUNCIL

MEMO

March 28, 1979

TO: Douglas R. Norton, Auditor General
FROM: Legislative Council
RE: Request for Research and Statutory Interpretation (0-79-7)

This is in response to a request from your office dated March 8, 1979.

QUESTIONS PRESENTED:

1. May the Arizona Commission of Agriculture and Horticulture and the Motor Vehicle Division of the Department of Transportation contract for the joint operation of agricultural inspection stations and for the performance of agricultural inspection functions?
2. If not, what changes must be made to allow such cooperation?

ANSWERS:

1. No.
2. A change in the statutes would be needed.

DISCUSSION:

The existence, limits, powers and duties of an administrative agency are prescribed and measured by law. Kendall v. Malcolm, 98 Ariz. 329, 404 P.2d 414 (1965). An administrative agency may exercise only those functions expressly conferred by or necessarily implied from the laws which relate to the agency. Corporation Commission v. Consolidated Stage Co., 63 Ariz. 257, 161 P.2d 110 (1945); Pressley v. Industrial Commission, 73 Ariz. 22, 236 P.2d 1011 (1951). If the law does not expressly or implicitly authorize a function, the agency may not act.

The powers of the Arizona Commission of Agriculture and Horticulture (Commission) include the authority to "construct and operate . . . inspection stations . . ." and to "enter into cooperative agreements with . . . departments, divisions, bureaus, boards, or commissions of this state when the general welfare of the state will be promoted and protected, and when not in conflict with other provisions of law" (Arizona Revised Statutes section 3-103, paragraphs 4 and 5). If an agreement between the Commission and the Motor Vehicle Division (Division) to jointly operate inspection stations were deemed to promote and protect the general welfare of the state, the Commission could enter into such an agreement under authority of this statute, there being no conflicting laws.

The powers of the Division may be derived from three sources:

1. Powers conferred directly by statute.
2. Powers delegated to the Division by the Department of Transportation or the director of the Department. Such powers must be granted initially to the Department or director by statute.
3. Powers delegated to the Division by the Transportation Board. Such powers must be granted initially to the Board by statute.

From these sources, the Department is authorized to "contract and do all things necessary to secure the full benefits available to this state for transportation purposes under federal law and in so doing, may cooperate with federal, state, and local government agencies . . ." (Arizona Revised Statutes section 28-112, subsection B). The director may, among other specified acts, "exercise such other powers and duties as are necessary to fully carry out the policies, activities and duties of the department" (Arizona Revised Statutes section 28-108, subsection A, paragraph 13). An agreement with another state agency under the grant of authority to the Department must be directed toward securing federal benefits to the state relating to transportation. Authority granted to the director to enter into an agreement with another state agency may be implied if the agreement is necessary to fully carry out the duties of the Department. These are the only sources of statutory authority for the Division to enter into any agreement with another agency such as the Commission. The proposed agreement to jointly operate agricultural inspection stations and perform inspection duties does not appear to involve any federal benefit to this state for transportation purposes nor does it appear necessary to carry out the functions of the Department.

The state's general statutory law regarding joint exercise of powers (Arizona Revised Statutes title 11, chapter 7, article 3) does not provide any further authority to enter into such an agreement than is otherwise provided by statute. An intergovernmental agreement under the joint exercise of powers article must be authorized by the legislative authority of each of the agencies which, in this case, is the Legislature. Moreover, the joint exercise of powers article specifically disclaims any authorization for an agency "to exercise any power or engage in any business or enterprise that such public agency is not authorized to exercise or engage in pursuant to other provisions of law" (Arizona Revised Statutes section 11-954).

CONCLUSION:

Though the Arizona Commission of Agriculture and Horticulture apparently may contract for the joint operation of agricultural inspection stations and for the joint performance of inspection functions, the Motor Vehicle Division of the Department of Transportation may not. Specific statutory authority must be granted to the Department of Transportation before such a contract would be valid.

APPENDIX E

ARIZONA REVISED STATUTES
SECTIONS 3-551 THROUGH 3-555

APPENDIX E

SALE OF CITRUS FRUIT

3-551. Transfers of citrus fruit; memorandum

A. It is unlawful for a person, firm, corporation, partnership or association to sell or offer to sell, transfer, purchase or otherwise acquire, except at retail, oranges, grapefruit, lemons, limes or other citrus fruit unless the sale, transfer or purchase is accompanied by a memorandum of transfer in writing, signed by the vendor, and containing the name of the person purchasing or receiving the citrus fruit.

B. The memorandum shall bear the date and place of sale and transfer and shall state the name and residence of the vendor and vendee and the kind and quantity of the citrus fruit.

C. If the vendor or transferor is a citrus exchange, association or licensed commission merchant, and the fruit sold or transferred is the pooled product of more than one orchardist, a statement of that fact shall be sufficient identification of the producer in lieu of the name and address of the owner.

3-552. Memorandum; preservation; inspection

Dealers in citrus fruit, whether at wholesale or retail, and all other persons hereinbefore described in this article, shall preserve for six months from the date of the sale or transfer each invoice or other memorandum in writing evidencing sales or transfers described in this article. They shall preserve the invoice or other memorandum at the place where the citrus fruit is offered for sale and it shall at all times be available for inspection by law enforcement officers and persons desiring to purchase the fruit.

3-553. Exhibition of memorandum by retailer

Each retail dealer, whether having a fixed place of business or selling as a peddler, huckster or itinerant salesman, when requested by a patron, shall show a memorandum in writing as prescribed by 3-551 for the fruit offered by him for sale, or a certificate of the owner, lessee or manager of the orchard where the fruit is grown, verified under oath, that the fruit is being sold by or for him.

3-554. Administration and enforcement

A. The commission of agriculture and horticulture shall administer this article and may, by its agents or representatives, enforce the provisions thereof.

B. The attorney general shall assist the commission in the enforcement of this article and the commission may request the county attorney to prosecute violations thereof.

C. The commission shall prepare forms for the memoranda and certificates prescribed by this article, and shall supply them to applicants at cost, but retailers may prepare forms which contain the information provided by this article.

3-555. Violation; classification

A person violating any provision of this article is guilty of a class 2 misdemeanor. As amended Laws 1978, Ch. 201, 19, eff. Oct. 1, 1978.

APPENDIX F

ARIZONA REVISED STATUTES
SECTION 3-471 THROUGH 3-476
AND SECTION 3-486

APPENDIX F

DATE STANDARDIZATION

3-471. Standards of quality

Dates offered for sale within the state, including dates for use in products other than alcohol, brandy and products not intended for human consumption, shall be clean and free from:

1. Live insects, whether larva, pupa or adult.
2. Decay.
3. Mold, not including visible colonies of yeast.
4. Fermentation or souring.
5. Dead insects, insect parts or excreta.
6. Dirt or other foreign matter.
7. Black scald.
8. Side spots more than three-sixteenths of an inch in length or width.

3-472. Inspection

A. Dates sought to be transported into the state for sale therein which are grown in another state or foreign country shall be inspected at the point of entrance by the state entomologist or his representative. In lieu of the inspection the state entomologist may accept or require a certificate of inspection executed by a federal official or by an official of the state of origin of the shipment which shall show:

1. That the dates are free from the defects enumerated in 3-471.
2. The state or foreign country where the dates were produced.
3. The name and address of the packer or shipper.
4. The name and address of the consignee.
5. The net weight of the dates contained in the shipment.
6. The date and point of entry into the state.

B. A common, contract or private carrier transporting a shipment of dates from another state or foreign country for sale in the state shall, prior to delivery, notify the state entomologist of that fact and hold the shipment a sufficient time to permit inspection.

C. The state entomologist may issue regulations pertaining to the inspection and handling of dates offered for sale in this state, and prescribe regulations for the enforcement of this article.

3-473. Labeling

Containers and subcontainers of dates or date products which are sold or offered or exposed for sale shall be marked as prescribed by the state entomologist in a conspicuous place in easily legible print, as follows:

1. The name of the state or foreign country where grown.
2. The name and address of the packer.

3-474. Reports

Wholesale and retail distributors of dates or date products may be required by the state entomologist to report under oath in the manner and at such times as he may require:

1. The quantity of dates sold.
2. The quantity of dates sold which were grown in another state or foreign country.
3. Whether the dates were sold in packages or in bulk.

3-475. Injunction

The state entomologist may apply to the superior court of the county in which a violation of this article occurs for injunctive relief against a person violating the provisions of this article or of any regulation issued under authority thereof.

3-476. Violations; classification

A person violating a provision of this article or a regulation issued by the state entomologist under the authority of this article is guilty of a class 2 misdemeanor. As amended Laws 1978, Ch. 201, 15, eff, Oct. 1, 1978.

POWERS OF THE SUPERVISOR OF INSPECTIONS

3-486. Supervisor; inspection powers

- A. The supervisor may enter and inspect every place or vehicle within the state where fruits and vegetables are produced, received, packed, delivered, loaded, shipped, offered for sale or sold for interstate shipment, and inspect fruits, vegetables and containers found therein.
- B. He shall have the same powers in the performance of his duties as other peace officers, and may, while exercising such police powers, seize or hold as evidence the part of a pack, load, lot, consignment or shipment of fruits or vegetables packed, delivered for shipment, loaded, shipped, being transported, offered for sale or sold in violation of this article, as in his judgment may be necessary to secure the conviction of the party he knows or has good reason to believe is violating any provision of this article.

OFFICE OF THE AUDITOR GENERAL

A PERFORMANCE AUDIT OF
THE OFFICE OF THE STATE CHEMIST

A REPORT TO THE
ARIZONA STATE LEGISLATURE

REPORT 79-12b

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
INTRODUCTION AND BACKGROUND	2
SUNSET FACTORS	4
FINDINGS	
FINDING I	9
Weak management controls have resulted in one out of nine commercial feed and fertilizer companies not being licensed.	
CONCLUSION	11
RECOMMENDATION	11
FINDING II	12
Tonnage statements need to be audited on a selective basis to ensure proper payments of inspection fees.	
CONCLUSION	15
RECOMMENDATION	15
WRITTEN RESPONSE TO THE AUDITOR GENERAL'S REPORT	16
APPENDICES	
APPENDIX A - Statement of Sales Forms ("tonnage reports") for commercial feeds and commercial fertilizers	

LIST OF TABLES

	<u>Page</u>
TABLE 1	3
Collections and expenditures of the Office of the State Chemist	
TABLE 2	14
Summary of the results of comparing the records of four selected companies against quarterly tonnage reports	

SUMMARY

The Office of the State Chemist was created in 1937. The original responsibility of the Office was to protect farmers by insuring that feeds and fertilizers met the guarantees made for the products. In 1947, the Office received the additional responsibility of reviewing pesticides.

The role of the Office has been expanded in recent years to include testing of both agricultural and urban products. In addition to farm products, the Office now tests such items as pet food, swimming pool chlorines, potting soils and self-defense chemicals.

For fiscal year 1979-80 the Office has a staff of 12 persons who are engaged in a program of sampling and chemically analyzing various products. Funding for the program is derived from inspection and license fees levied against feeds and fertilizers, and pesticide registration fees. The Office is a "90-10" agency. Ninety percent of its collections are retained by the Office; ten percent goes to the State General Fund.

Our review of the Office of the State Chemist revealed that management controls over the licensing of companies are weak. This has resulted in 11 percent of the feed and fertilizer companies not being licensed. (page 9)

In addition, "tonnage reports" submitted by the companies to show the amount of inspection fees due to the State need to be audited on a selective basis. (page 12)

INTRODUCTION AND BACKGROUND

In response to a September 19, 1978, resolution of the Joint Legislative Budget Committee and a January 18, 1979, resolution of the Joint Legislative Oversight Committee, the Office of the Auditor General has conducted a performance audit of the Office of the State Chemist. This audit is part of the sunset review of the programs directed by the Arizona Commission of Agriculture and Horticulture in accordance with ARS 41-2351 through ARS 41-2374.

The Office of the State Chemist was created in 1937 and was originally placed under the supervision of the College of Agriculture of the University of Arizona. However, effective January 1, 1979, supervision of the Office of the State Chemist was transferred to the Arizona Commission of Agriculture and Horticulture.

The original function of the Office was to protect farmers by insuring that feeds and fertilizers met the claims made for the products. In 1947, the Office's responsibilities were broadened to include review of pesticides. In recent years, the Office has also placed an increased emphasis on testing products used by urban as well as farm consumers.

For fiscal year 1979-80, the Office has a staff of 12 persons and a budget of \$273,500. The budget funds are derived from inspection fees, license fees and registration fees collected by the Office. The Office is a "90-10" agency: ninety percent of its collections are retained by the Office; ten percent is transmitted to the State General Fund.

Table 1 shows the Office's collections and expenditures for the past four years.

TABLE 1

COLLECTIONS AND EXPENDITURES OF
THE OFFICE OF THE STATE CHEMIST

	<u>Collections</u>	<u>Expenditures</u>
On hand as of 1/1/75*	\$242,960.40	-0-
1975	180,127.38	\$169,463.20
1976	217,084.23	228,805.94
1977	185,454.00	214,231.34
1978	215,798.20	241,054.28

* The Office of the State Chemist's funds are non-lapsing and balances are carried forward into the next year.

The objectives of the Office of the State Chemist are to insure that feed, fertilizer and pesticide products are labelled accurately, meet product claims and are safe.

The Office performs the following tasks:

- (a) it licenses feed and fertilizer companies and registers pesticide products,
- (b) it samples and chemically analyzes urban and agricultural feed, fertilizer and pesticide products, and
- (c) it collects inspection, license and registration fees to fund the program.

The audit report addresses our findings as they relate to:

- (1) a review of the nine Sunset Criteria specified in ARS 41-2351 through ARS 41-2374 which was conducted to aid in the process of determining whether the Office of the State Chemist should be continued or terminated,
- (2) a determination that 11 percent of the companies are not properly licensed, and
- (3) a determination that there is a need to audit the payment of inspection fees to see that proper payments are made.

The Office of the Auditor General expresses its gratitude to the State Chemist and his staff for their cooperation, assistance and consideration during the course of this audit.

SUNSET FACTORS

In accordance with ARS 41-2351 through ARS 41-2374, nine factors were reviewed to aid in the process of determining whether the Office of the State Chemist should be continued or terminated.

SUNSET FACTOR: OBJECTIVE AND PURPOSE IN ESTABLISHING THE OFFICE

There is no explicit statement of legislative intent in the statutes establishing the Office of the State Chemist. ARS 3-342 merely provides that there shall be a State Chemist who "...shall perform all duties and exercise all powers imposed or conferred by law..."

The statutes do provide, however, for the State Chemist to: 1) establish standards and regulations pertaining to feed, fertilizer and pesticides, 2) "...sample, inspect and make analyses..." of the three materials, 3) license feed and fertilizer companies, and 4) register pesticides distributed in Arizona.

The State Chemist has stated:

"The purpose in establishing the Office of the State Chemist in 1937 was to protect the consumer...protection of the consumer is achieved through requirements of informative labeling and through the sampling and analysis of the controlled commodities to see that they meet the claims made on the label with regard to analysis."

SUNSET FACTOR: THE DEGREE TO
WHICH THE OFFICE HAS BEEN ABLE
TO RESPOND TO THE NEEDS OF THE
PUBLIC AND THE EFFICIENCY WITH
WHICH IT HAS OPERATED

The Office of the State Chemist has responded to the public need when such need has become evident. For example, when problems developed with the effectiveness of three brands of chlorine used in the home swimming pools of many Arizona residents, the Office of the State Chemist took action to force the companies to resolve the problems. Also, responding to a need perceived by some members of the public, the Office has developed a plan for reviewing the safety of all pesticides registered for use in Arizona.

Office efficiency has been increased in recent years by reducing paperwork through (a) legislation requiring licensing of feed and fertilizer companies rather than registration of products, and (b) allowing companies paying the minimum inspection fees to file annual rather than quarterly reports.

Office effectiveness is ultimately dependant upon the accuracy of the laboratory. The Office has a demonstrated record of accuracy in its laboratory analyses and has implemented a system of checks and controls to continue to ensure accuracy.

SUNSET FACTOR: THE EXTENT TO
WHICH THE OFFICE HAS OPERATED
WITHIN THE PUBLIC INTEREST

The consumer protection role of the Office of the State Chemist places much of the operations of the Office within the realm of public interest. Further, although the Office was primarily created to serve agricultural interests (who are the main consumers of feed, fertilizer and pesticides), the Office has broadened its role to serve more of the general public. Since 1976 the Office has placed increased emphasis on testing such urban products as:

- (a) fertilizers and pesticides used by the homeowner,
- (b) pet foods including; dog food, cat food, birdseed and monkey chow,
- (c) swimming pool chlorines
- (d) potting soils
- (e) self-defense chemicals

The Office has established a separate budget for testing urban products and Office investigators spend approximately 15 percent of their time taking samples of urban products.

However, the Office's failure to adequately ensure that all companies are licensed impairs the Office's ability to protect consumers. (page 9)

SUNSET FACTOR: THE EXTENT TO WHICH RULES AND REGULATIONS PROMULGATED BY THE OFFICE ARE CONSISTENT WITH THE LEGISLATIVE MANDATE

The State Chemist has advised us that his Office redrafted all of their rules and regulations two years ago, and by so doing eliminated those which were inconsistent with legislative intent. From our review, it appears that the current rules and regulations of the Office are consistent with the legislative mandate.

SUNSET FACTOR: THE EXTENT TO WHICH THE OFFICE HAS ENCOURAGED INPUT FROM THE PUBLIC BEFORE PROMULGATING ITS RULES AND REGULATIONS AND THE EXTENT TO WHICH IT HAS INFORMED THE PUBLIC AS TO ITS ACTIONS AND THEIR EXPECTED IMPACT ON THE PUBLIC

The efforts of the Office in publicizing proposed rules and public hearings exceeds those of most other Arizona State agencies. A survey of State agencies by the Office of the Auditor General revealed that most agencies limit their publicity to filing proposed rules with the Secretary of State and posting public notices of the hearings in their buildings.

The Office of the State Chemist files proposed rules and regulations with the Secretary of State and posts notices in their building. In addition, proposed rules and regulations are: 1) reviewed by advisory committees as provided for in ARS 3-265, ARS 3-344 and ARS 24-904, and 2) publicized by news releases.

Although the majority of the rules and regulations would not appear to be of interest to the general public, more than 40 members of the general public attended the January 1979 hearing on rules regarding aflatoxin.

SUNSET FACTORS: THE EXTENT TO WHICH
THE OFFICE HAS BEEN ABLE TO INVESTIGATE
AND RESOLVE COMPLAINTS THAT ARE WITHIN
ITS JURISDICTION

The State Chemist had advised us that his office has generally been able to investigate and resolve complaints or problems he receives that are within his jurisdiction. We were unable to verify his statement because most complaints received by the Office of the State Chemist are received by telephone and no record is made of these calls. We did verify, however, that the thirteen written complaints received by the Office during the past five years were investigated and properly resolved.

SUNSET FACTOR: THE EXTENT TO WHICH
THE ATTORNEY GENERAL OR ANY OTHER
APPLICABLE AGENCY OF STATE GOVERNMENT
HAS THE AUTHORITY TO PROSECUTE ACTIONS
UNDER ENABLING LEGISLATION

ARS 3-283, ARS 3-356 and ARS 24-917 provide for prosecution of violations by the County Attorney. Such violations are classified as class 2 misdemeanors (\$750 fine and/or four months in jail) and class 3 misdemeanors (\$500 fine and/or 30 days in jail). However, the State Chemist believes these penalties are too lenient. He anticipates most violators will be fined but not jailed, and thinks that \$500 - \$750 penalties may not be severe enough. Noting that some penalties had previously been as high as \$1,000 the State Chemist has advised us that:

The Attorney General or the County Attorney has the authority to prosecute actions under all three acts administered by this office. However, penalties for violations under the acts are now less stringent than they were two or three years ago because of changes made in the criminal code. This office attempted to tighten the penalties, but we were informed that it was legislatively impossible to do so. It is our opinion that, under the present penalties applicable, it is laughable and a waste of time to prosecute.

SUNSET FACTOR: THE EXTENT TO WHICH
THE OFFICE HAS ADDRESSED DEFICIENCIES
IN THE ENABLING STATUTES WHICH PREVENT
IT FROM FULFILLING ITS STATUTORY MANDATE

In 1977, the Office of the State Chemist proposed House Bills 2010, 2029 and 2040. These bills updated statutes that were some twenty years old. The changes made in the 1977 bills included:

- (a) changing from registration of individual feed and fertilizer products to licensure of the companies distributing the products,
- (b) tightening requirements for registration of pesticides, and
- (c) broadening the definition of adulteration under the Commercial Feed Law.

The Office of the State Chemist has prepared additional legislation for submission to the Legislature this year which will further revise the Commercial Feed Law.

SUNSET FACTOR: THE EXTENT TO WHICH
CHANGES ARE NECESSARY IN THE LAWS OF
THE OFFICE TO ADEQUATELY COMPLY WITH
THE FACTORS LISTED IN THIS SUBSECTION

During the 1977 revisions of the Commercial Feed Law a sentence was omitted. This sentence made adulteration of commercial feed a violation under the law. The Office of the State Chemist will submit legislation this next legislative session which, if enacted, will restore the status of adulteration of feed as being a violation under the law.

FINDING I

WEAK MANAGEMENT CONTROLS HAVE RESULTED IN ONE OUT OF NINE COMMERCIAL FEED AND FERTILIZER COMPANIES NOT BEING LICENSED.

Arizona Revised Statutes 3-272 and ARS 24-911 require all persons manufacturing or distributing commercial feed and fertilizer in Arizona to obtain licenses from the State Chemist and pay a \$10 annual license fee. The only exceptions are for persons who:

- (a) only distribute their products to other licensed manufacturers for further manufacturing, or
- (b) only package and/or distribute products labelled and guaranteed by other licensed companies.

These licensing requirements exist to provide the Office of the State Chemist with sufficient control over these companies to ensure that they accurately label their products both as to the type of product and the guaranteed content.

We found that approximately one out of nine (11%) of the companies that should be licensed are not. Further, the cause appears to be a breakdown in the management controls of the Office of the State Chemist in that either management controls were simply inadequate or the Office failed to take appropriate follow-up action.

Unlicensed Companies

Prior to 1978, fertilizer and feed companies were required to register their products with the Office of the State Chemist. However, House Bills 2010 and 2040 were passed by the Arizona Legislature during the 1977 session. These bills amended ARS 3-272 and ARS 24-911 to require that fertilizer and feed companies be licensed by the Office.

Despite the statutes requiring a change from registration to licensing, many companies have not obtained licenses. We identified 47 companies which were not licensed even though (a) they had previously registered products with the Office, and (b) they were continuing to submit tonnage reports to the Office showing that they were distributing products in Arizona. These 47 companies represent 11 percent of the total number of companies licensed by the Office of the State Chemist.

Causes For The Companies

Not Being Licensed

The State Chemist and the unlicensed companies contacted by the Office of the Auditor General provided varying and sometimes conflicting explanations as to why these companies were not licensed. Nevertheless, the over-riding explanation appears to be a breakdown in management control by the Office of the State Chemist.

The State Chemist originally told us there were no major companies unlicensed that should be licensed. He took the position that if a company had not obtained a license it must be exempt from licensing. He further stated:

"Probably the most significant cases (of unlicensed activity) are small operators selling birdseed during the winter."

However, a review of unlicensed companies by the Office of the Auditor General revealed that: 1) most were not exempt from licensing, and 2) the reasons for nonlicensure varied.

Some of the explanations given for nonlicensure by the companies we contacted were:

- (a) they were not aware they needed to be licensed,
- (b) they did not receive license applications from the State Chemist, and
- (c) they incorrectly thought they were licensed.

In response to the above explanations, the State Chemist stated that: 1) all companies did receive license applications, 2) some companies may have incorrectly thought they were exempt from licensing, and (3) some companies may not have understood that they were now required to obtain licenses.

While the reasons for nonlicensure are not entirely clear, what is clear is that the State Chemist should have recognized the problem; particularly in view of the fact that all of the unlicensed companies were sent quarterly tonnage reports by the Office. The Office of the State Chemist never compared the companies that had registered products with the Office in 1977 against those companies that obtained licenses following the statutory change. Nor did the Office compare licensed companies against companies submitting tonnage reports. Further, the Office of the State Chemist either assumed that those companies that did not return license applications were exempt from licensing, or the Office failed to issue "cease and desist" orders when unlicensed activity was suspected.

CONCLUSION

The Office of the State Chemist has not taken appropriate action to identify and control unlicensed activity by fertilizer and feed companies. As a result, approximately 11 percent of the fertilizer and feed companies are not licensed. Failure to license these companies results in:

- (a) a weakening in the power of the State Chemist to protect consumers,
- (b) non-compliance with statutory requirements that companies obtain licenses, and
- (c) an annual loss of approximately \$470 in license fees due to the State.

RECOMMENDATION

We recommend that the Office of the State Chemist:

- (a) compare presently licensed feed and fertilizer companies to companies which previously registered products with the Office,
- (b) compare licensed feed and fertilizer companies to companies submitting tonnage reports,
- (c) investigate any discrepancies found in steps (a) and (b),
- (d) issue cease and desist orders against companies engaging in unlicensed activity, and
- (e) take appropriate action to license those companies currently not licensed that should be.

FINDING II

TONNAGE STATEMENTS NEED TO BE AUDITED ON A SELECTIVE BASIS TO ENSURE PROPER PAYMENTS OF INSPECTION FEES.

Approximately 70 percent of the funding of the Office of the State Chemist is derived from inspection fees levied against fertilizer and feed companies. The inspection fees are 20¢ per ton for fertilizer and 15¢ per ton for feed for each ton distributed in the state. Companies report the tons they distribute, and the resultant inspection fees they owe, on quarterly "tonnage" reports.* To ensure that these quarterly reports are accurate, ARS 3-268 and ARS 24-907 provide that the State Chemist:

"...shall have the right to examine...(companies')... records to verify statements of tonnage."

We found that there is a need for the State Chemist to use this statutory power on a selective basis to ensure that: 1) the quarterly reports are accurate, and 2) the inspection fee payments are proper.

The Office of the State Chemist does not audit fertilizer and feed companies' tonnage reports by comparing the reports against the companies' records. Instead, the Office has attempted to identify tonnage discrepancies and improper fee payments by reviewing the trail of tonnage "passed-on" from company to company as shown in the quarterly tonnage reports. For example, the Office compares the amount of tonnage "passed-on" to Company X against the amount of tonnage that Company X reported it distributed. If Company X reported that it distributed fewer tons than it received as "pass-on," a discrepancy is noted. The Office then contacts Company X to obtain the additional payment due. This method of auditing has its drawbacks because:

* Copies of the feed and fertilizer quarterly reports are shown as Appendix A.

- (a) A pass-on discrepancy will not be noted so long as Company X reports that it distributed more tonnage than it received in pass-ons,
- (b) There are no guarantees that the other companies are accurately reporting the tonnage they "passed-on" to Company X.
- (c) Company X may receive pass-on tonnage from companies who engage only in pass-on business and who do not have to submit quarterly reports to the Office of the State Chemist.
- (d) It cannot be determined how much, if any, of the discrepancy may be due to tonnage still in Company X's inventory.
- (e) It cannot be determined if Company X or any other company is properly categorizing its tonnage that is exempt and non-exempt from inspection fees.*

In order to demonstrate the value of comparing quarterly tonnage reports against companies' records, the Office of the Auditor General examined the records of four companies selected by the Office of the State Chemist. The results of these reviews are summarized in Table 2 below.

Based upon the review of the four companies in Table 2, it appears that the Office of the State Chemist should be reviewing company records to insure that proper inspection fees are being paid. Further, it appears that such reviews can be performed in a cost-effective manner. For example, the four reviews in Table 2 were performed by one auditor in less than two days and yet identified under payments of inspection fees and penalties of \$1,771.98. It should be noted, however, that the four companies in Table 2 were selected for review because, according to the Office of the State Chemist, they had a high potential for inaccuracy in their tonnage reports. Therefore, reviews of other companies may not be similarly productive.

* Certain tonnage is exempt from inspection fees depending upon the processing involved. For example, grain rolled by mechanically cracking it is exempt while grain rolled by first steaming it is not exempt.

TABLE 2

SUMMARY OF THE RESULTS OF COMPARING
THE RECORDS OF FOUR SELECTED COMPANIES
AGAINST QUARTERLY TONNAGE REPORTS

Companies Examined	1978 Tonnage		1978 Inspection Fees		Under (Over) Payment of 1978 Inspection Fees		Amount Due To (Due From) The Office of The State Chemist
	Per Quarterly Tonnage Reports	Per Company Records	Amount Paid	Correct Amount	Penalty Due		
Company #1*	1,525	5,937	\$ 305.00	\$1,187.40	\$882.40	\$88.24	\$970.64
Company #2	10,809	14,429	2,161.80	2,885.80	724.00	72.40	796.40
Company #3	936	1,035	140.40	155.25	14.85	1.49	16.34
Company #4	<u>7,909</u>	<u>7,833</u>	<u>1,186.35</u>	<u>1,174.95</u>	<u>(11.40)</u>	<u>-</u>	<u>(11.40)</u>
Total For The Four Companies Examined	<u>21,179</u>	<u>29,234</u>	<u>\$3,793.55</u>	<u>\$5,403.40</u>	<u>\$1,609.85</u>	<u>\$162.13</u>	<u>\$1,711.98</u>

* It should be noted that Company #1 above was not licensed for 1978 and as of June 6, 1979, was still not licensed, in spite of the fact that it was distributing products the entire period. (page 9)

As a means to help ensure that this audit process is cost-effective, the Office of the State Chemist should review company records on a selective basis using the following criteria as a means of identifying companies for review.

- (a) Significant changes in the amount of tonnage reported on quarterly tonnage reports,
- (b) Significant "pass-on" discrepancies identified when reviewing tonnage reports.
- (c) Failure of a company to file all quarterly tonnage reports,
- (d) Failure of a company to obtain or renew its license, and
- (e) High business volume. The two companies with the largest under payments in Table 2 each distributed more than 5,000 tons per year. Of the 160 licensed fertilizer companies submitting tonnage reports in 1978, only twenty-two companies distributed more than 1,000 tons and only eight companies distributed more than 5,000 tons.

According to the State Chemist, fertilizer and feed company records have not been reviewed in the past because Office personnel did not know how to conduct such reviews. This problem was remedied when a member of the Office staff accompanied and observed the procedures used by the auditor from the Office of the Auditor General when the reviews in Table 2 were conducted.

CONCLUSION

Audits of quarterly tonnage statements and reviews of fertilizer and feed company records by the Office of the State Chemist are needed to ensure proper payments of inspection fees. These audits can be performed in a cost-effective manner if they are performed on a selective basis.

RECOMMENDATION

The Office of the State Chemist should audit all tonnage reports and company records where indications of tonnage discrepancies exist. In addition, the Office of the State Chemist should audit the tonnage reports and company records of the larger fertilizer and feed companies on a regular periodic basis.

STATE OF ARIZONA
OFFICE OF STATE CHEMIST

UNIVERSITY OF ARIZONA AGRICULTURAL EXPERIMENT STATION

BOX 1586

MESA, ARIZONA 85201

(602) 833-5442

September 7, 1979

Mr. Douglas R. Norton
Auditor General
Suite 600
112 North Central Avenue
Phoenix, Arizona 85004

Dear Mr. Norton:

Attached are the written comments of this office on the draft report prepared by your auditors under the sunset review process.

Sincerely,



Gary D. Gilsdorf, Ph.D.
State Chemist

cc

OFFICE OF STATE CHEMIST COMMENTS ON
DRAFT REPORT OF THE OFFICE OF THE AUDITOR GENERAL

- 1.) Title page: What purpose is served by including the statement "Weak management controls ... being licensed." on this page? *
- 2.) Page 6, first line: Word "budget" should be changed to "line item."
- 3.) Page 6, second paragraph: From the beginning of the review, the auditor general misunderstood and overemphasized the importance of licensing. As applied by the laws administered by this office, the initial licensing itself gives no direct protection to the consumer since it does not give any assurance of the performance of the company or its products. While this office has no intention of allowing violations of the law, including non-licensing, in the first year of operation under the licensing provision, this office placed highest priority on those matters relating to consumer protection. Follow-up on licensing was considered low priority.
- 4.) Page 8, first paragraph: Please delete last sentence.
- 5.) Page 8, last paragraph, first line: Before word "omitted," insert "inadvertently."
- 6.) Page 11, first paragraph. Auditor recommends "cease and desist" orders be issued based on suspicion. This is not a legal enforcement procedure for this office. "Cease and Desist" orders may be issued only when there is reasonable cause to believe that a violation is or has occurred.
- 7.) Page 11, second paragraph. The statement that approximately 13% of companies are not licensed is not correct. The auditor made an assumption that if a company had correspondence with us in the form of submitting a "zero" tonnage report, that they should be licensed. This "zero" report is, in fact, a written document stating that no distribution is planned and that no license is required.*
- 8.) Page 11: Following item e under recommendations, insert "These recommendations have been taken and action is completed."
- 9.) Page 13, subparagraph e including asterisk: Determination can easily be made during routine site inspections.
- 10.) Page 13, last paragraph: Evidence is not presented to support the auditors' claim that reviews can be performed in a cost effective manner. Of the four companies audited, two of those companies were scheduled for discrepancy reviews and/or late reporting of inspection fees by this office.
- 11.) Page 14, Table 2: Company #1 has already been asterisked, but no indication is made that only one tonnage report was received for 1978. The chart shows reported tonnage of 1525 tons while company records indicated 5937 tons sold for year. This was resolved after receipt of the company's 2nd,

3rd and 4th quarter reports. Further, it was explained to the auditor that discrepancies between the Office of State Chemist records and particular companies occur due to different accounting procedures utilized by different companies when reporting pass ons. Often discrepancies are explained and resolved to the satisfaction of the Office of State Chemist whereby no additional fee payment is due. This then leaves companies 3 and 4 which obviously are not cost effective reviews.

- 12.) Page 14: In subparagraphs a and b, the term "significant change" is not defined. The monitoring of changes is more complex than might at first appear. Such monitoring could be carried out by computer, but because programming personnel are currently engaged in higher priority areas, we do not foresee implementation of such a program for at least two or three years. Other alternatives will be considered.
- 13.) Page 15, following recommendation paragraph: During the 1976 audit of this office, we requested aid of the auditor in the audit of feed and fertilizer companies. We were informed that the unavailability of auditors precluded any aid to our office either in direct auditing or in instructing us in setting up an auditing program.

General Comments

- A.) While two-thirds of the office's programs were audited, a third program of concern to the public, that regarding pesticides, was left untouched.
- B.) The laboratory is a key unit in the operations of this office. The preponderance of actions taken by the office result from laboratory findings. The auditor made no attempt to determine the adequacy or accuracy of the laboratory. *

* Office of the Auditor General has amended the report.

APPENDIX A

STATEMENT OF SALES FORMS ("TONNAGE
REPORTS") FOR COMMERCIAL FEEDS AND
COMMERCIAL FERTILIZERS

**OFFICE OF STATE CHEMIST
P.O. Box 1586
Mesa, Arizona 85201**

**STATEMENT OF SALES OF COMMERCIAL FEEDS
and/or
CUSTOMER – FORMULA FEEDS**

Distributed during Quarter Ending _____ Delinquent Date _____

By: _____

Complete this form and return signed original with fee due to State Chemist.
If you are passing on responsibility for payment of fee, complete reverse side of this form.

Feeds distributed during quarter, on which inspection fee is being paid (segregate below) _____ Tons

Inspection Fee at 15¢ Per Ton (\$2.00 per quarter minimum) \$ _____

Penalty of 10% (Minimum of \$10.00) if reported after _____ \$ _____

Total fee submitted \$ _____

I certify that the above information is true and correct to the best of my knowledge.

X _____ Office Title _____ Date _____
Signature of Authorized Representative

SEGREGATION OF MATERIALS COVERED BY ABOVE FEES:

Materials	Whole Tons	Materials	Whole Tons
Alfalfa Meal	a	Rabbit Feeds	p
Animal By-Products	b	Salt	q
Beef Cattle Feeds	c	Swine Feeds	r
Beef Cattle Feeds (Supplement)	d	Vitamin Supplements	s
Beet Pulp	e	Wheat By-Products	t
Cottonseed Meal	f	Wild Bird Feed	u
Dairy Cattle Feeds	g	Other (Specify):	
Calf Feeds	h		
Fish Feeds	i		
Horse Feeds	j		
Mineral Feeds	k		
Molasses	l		
Oil Seed Meal (other than Cottonseed)	m		
Pet Foods	n		
Poultry Feeds	o	TOTAL TONS (this side only)	

OFFICE OF STATE CHEMIST

P.O. Box 1586

Mesa, Arizona 85201

STATEMENT OF SALES OF COMMERCIAL FERTILIZERS

Distributed during Quarter Ending _____ Delinquent Date _____

By:

Complete this form and return signed original with fee due to State Chemist.

If you are passing on responsibility for payment of fee, complete reverse side of this form.

Fertilizers distributed during quarter, on which inspection fee is being paid (*segregate below*) _____ Tons

Inspection Fee at 20¢ Per Ton (\$2.00 per quarter minimum) \$ _____

Penalty of 10% (*minimum of \$10.00*) if reported after _____ \$ _____

Total fee submitted \$ _____

I certify that the above information is true and correct to the best of my knowledge.

X _____
 Signature of Authorized Representative Office Title Date

SEGREGATION OF MATERIALS COVERED BY ABOVE FEES:

Materials	(D)ry (F)luid	Whole Tons	Materials	(D)ry (F)luid	Whole Tons	Materials	(D)ry (F)luid	Whole Tons
Ammonium Nitrate 33.5-0-0 a	D		Anhydrous Ammonia q	F				
Am. Phosphate 11-48-0 b	D		Urea Am. Nit. 32-0-0 r	F				
Am. Phosphate 13-39-0 c	D		Ammon. Nit. Soln. 20-0-0 s	F				
Am. Phosphate 16-20-0 d	D		Ammonia Solutions 20-0-0 t	F				
Am. Phosphate 18-46-0 e	D		Calcium Am. Nit. 17-0-0 u	F				
Ammonium Sulfate 21-0-0 f	D		Phosphoric Acid v	F				
Calcium Nitrate 15.5-0-0 g	D		Liquid Fertilizer 9-30-0 w	F				
Potassium Sulfate/Chloride h	D		Liquid Fertilizer 10-34-0 x	F				
Superphosphate, Normal i	D							
Superphosphate, Treble j	D							
Urea 46-0-0 and 45-0-0 k	D							
Gypsum l	D							
Sulfur m	D							
Iron Products n	D or F							
Sulfuric Acid o	F							
Lime Sulfur Soln. p	F							
			TOTAL TONS (this side only)					

OFFICE OF THE AUDITOR GENERAL

A PERFORMANCE AUDIT OF
THE ARIZONA FRUIT AND VEGETABLE
STANDARDIZATION PROGRAM

A REPORT TO THE
ARIZONA STATE LEGISLATURE

REPORT 79-12c

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
INTRODUCTION AND BACKGROUND	2
SUNSET FACTORS	4
FINDINGS	
FINDING I	8
Changes need to be made in the fee collection processes to ensure that all fees are paid, to increase efficiency, and to reflect the full scope of inspections performed.	
CONCLUSION	13
RECOMMENDATIONS	13
FINDING II	14
The Standardization Program does not keep sufficient data to provide for evaluation of the program and to provide for regulatory decisions.	
CONCLUSION	16
RECOMMENDATION	16
FINDING III	17
The present fee for citrus dealers' licenses is excessively low when compared with the Program's other license fees and is not sufficient to cover the cost of issuing the license.	
CONCLUSION	18
RECOMMENDATION	18
WRITTEN RESPONSE TO THE AUDITOR GENERAL'S REPORT	19

APPENDICES

- APPENDIX A - Arizona Legislative Council opinion issued April 27, 1979
- APPENDIX B - Suggested Weekly Shipping Report and Examples of the Office of the State Chemist's Statement of Sales for Feed and Fertilizer
- APPENDIX C - Results of A Survey of Other States' Fruit and Vegetable Standardization Programs

LIST OF TABLES

	<u>Page</u>
TABLE 1	11
A Comparison of Processing Workload Using Inspection Slips, Weekly Statements of Sales, and Monthly Statements of Sales	

SUMMARY

The Arizona Fruit and Vegetable Standardization Program was created in 1929 to provide a mechanism for establishing standards governing both the quality and the manner of packing of produce "...delivered for shipment, loaded, shipped, being transported, offered for sale or sold in this state..."

The Arizona Fruit and Vegetable Standardization Program functions under the general supervision of the Arizona Commission of Agriculture and Horticulture. The Program is directed by the Supervisor of Inspection. He has a staff of 15 persons who are engaged in a continual program of inspections to ensure that produce meets established standards.

Fees charged for the inspection of produce provide the funding for the Fruit and Vegetable Standardization Program. All of the fees are placed into two revolving funds. The Program is not a "90-10" agency.

Our review of the Fruit and Vegetable Standardization Program found that changes are needed in the fee collection processes in that companies are not paying all the inspection fees due. We recommend audits of company shipping records as provided for in ARS 3-447 and ARS 3-490. (page 8) We also recommend that the billing system be changed to facilitate auditing and reduce paperwork processing by 70%. (page 10) Further, we recommend that inspection fees be charged for both out-of-state and in-state shipments of produce. (page 12)

We also found during our review that the Fruit and Vegetable Standardization Program does not keep sufficient data to provide for evaluation of the Program and to allow the Program to better regulate its licensees. (page 14)

Finally, our audit revealed that the present \$1.00 fee for a Citrus Dealer's license is excessively low when compared to the Program's other licenses and that it is not sufficient to cover the cost of issuing the license. (page 17)

INTRODUCTION AND BACKGROUND

In response to a September 19, 1978 resolution of the Joint Legislative Budget Committee, the Office of the Auditor General has conducted a performance audit as a part of the sunset review of the Arizona Fruit and Vegetable Standardization Program in accordance with ARS 41-2351 through ARS 41-2374.

The Fruit and Vegetable Standardization Program was begun in 1929 with the passage of the Arizona Fruit and Vegetable Standardization Act. This act was designed to provide for standards to be set for fresh fruits and vegetables "...delivered for shipment, loaded, shipped, being transported, offered for sale or sold in this state..." The law provided for a Supervisor of Inspection and deputies to enforce the act. These personnel were originally placed under the supervision of the College of Agriculture at the University of Arizona.

The program was initially begun with a staff of two persons: the Supervisor of Inspection and his assistant. However, as the years passed the program grew both in responsibility and in staff. In 1933, the Arizona Citrus Fruit Standardization Act was passed extending the program's responsibility over citrus fruit and in 1937, the Arizona Pecan Standardization Act was passed bringing pecans under the coverage of the program.

Legislation passed in 1977 transferred the supervision of this program to the Commission of Agriculture and Horticulture. The program has 16 employees and a budget of \$386,500. The program derives its budget dollars from inspection fees levied against all out-of-state shipments of citrus fruit, and fruits and vegetables. All of these fees are placed into either the Citrus Fruit revolving fund or the Fruit and Vegetable revolving fund. The Program is not a "90-10" agency.

The primary functions of the Fruit and Vegetable Standardization Program are:

- (a) Establishing standards governing the quality of produce and the uniformity of packing containers,
- (b) Enforcing the above standards through an on-going system of inspections, and
- (c) Collecting inspection fees used to fund the program.

The objectives of this audit were to:

- (a) Review the nine Sunset Criteria specified in ARS 41-2351 through ARS 41-2374,
- (b) Review the effectiveness and efficiency of the fee collection processes,
- (c) Determine whether sufficient data exists to provide for evaluation of the Program, and
- (d) Review the adequacy of the license fee structure.

SUNSET FACTORS

In accordance with ARS 41-2351 through ARS 41-2374, nine factors were reviewed to aid in the process of determining whether the Fruit and Vegetable Standardization Program should be continued or terminated.

SUNSET FACTOR: OBJECTIVE AND PURPOSE IN ESTABLISHING THE PROGRAM

There is no explicit statement of legislative intent in the statutes establishing the Fruit and Vegetable Standardization Program. The statutes do provide, however, for the establishment of standards governing both the quality and the manner of packing of fruits and vegetables.

The Supervisor of Inspection has stated that the objective and purpose in creating the program was:

"To maintain a standard and quality that will ensure the fruit and vegetable growers a competitive market with other producing areas of the United States; also, protect the consumer in Arizona from inferior quality produce."

SUNSET FACTOR: THE DEGREE TO WHICH THE DEPARTMENT HAS BEEN ABLE TO RESPOND TO THE NEEDS OF THE PUBLIC AND THE EFFICIENCY WITH WHICH IT HAS OPERATED

Because no records are kept by the Program of all violations found, we were unable to determine the degree to which the Program has been able to maintain quality control over Arizona produce. (page 14)

A review of the Program's operations revealed the following opportunities exist to improve the Program's level of efficiency.

- (a) The billing system can be simplified and paperwork reduced by using weekly statements of sales for billing rather than inspection slips. (page 10)
- (b) The Citrus Dealer's license fee should be raised to be comparable to the other license fees and to cover the cost of processing the license. (page 17)

SUNSET FACTOR: THE EXTENT
TO WHICH THE PROGRAM HAS
OPERATED WITHIN THE PUBLIC
INTEREST

Although the Program was initially directed largely towards ensuring that Arizona produce shipped out-of-state maintained a good reputation in the national market, the role of the program has been significantly broadened. This expanded role, which now involves inspection of most produce sold in Arizona (including produce brought in from other states), would appear to be in the public interest.

SUNSET FACTOR: THE EXTENT TO
WHICH RULES AND REGULATIONS
PROMULGATED BY THE PROGRAM
ARE CONSISTENT WITH THE
LEGISLATIVE MANDATE

After reviewing the rules and regulations pertaining to fruit and vegetable standardization that have been promulgated by the Supervisor of Inspection, it appears that these rules are consistent with ARS 3-441 through ARS 3-466 and ARS 3-481 through ARS 3-523.

SUNSET FACTOR: THE EXTENT TO
WHICH THE PROGRAM HAS ENCOURAGED
INPUT FROM THE PUBLIC BEFORE
PROMULGATING ITS RULES AND REGULATIONS
AND THE EXTENT TO WHICH IT HAS INFORMED
THE PUBLIC AS TO ITS ACTIONS AND THEIR
EXPECTED IMPACT ON THE PUBLIC

The Fruit and Vegetable Standardization Program has not promulgated or revised any of its rules and regulations since January 1977. However, ARS 3-446 does specify procedures that the Supervisor of Inspection must follow to promulgate rules and regulations including holding public meetings and advertising in the newspapers.

The Supervisor of Inspection has advised us that he does follow the provisions of ARS 3-446. He said notice of public meetings is given 21 days in advance to all licensees. The Secretary of State is notified and advertisements are placed in the local newspapers of areas affected by the proposed rules and regulations.

SUNSET FACTOR: THE EXTENT TO
WHICH THE PROGRAM HAS BEEN
ABLE TO INVESTIGATE AND RESOLVE
COMPLAINTS THAT ARE WITHIN ITS JURISDICTION

Unlike many regulatory boards and commissions, the Fruit & Vegetable Standardization Program is not extensively involved in investigating complaints from the general public. We are informed by the staff that they do investigate the few public complaints that are received but no record is kept of such investigations.

ARS 3-488 does specify that the Supervisor of Inspection shall investigate complaints involving transactions between growers and brokers. No records have been kept of such investigations, but the Supervisor of Inspection informed us that his staff does occasionally investigate and act as an arbitrator for disputes between producers and brokers.

SUNSET FACTOR: THE EXTENT TO
WHICH THE ATTORNEY GENERAL
OR ANY OTHER APPLICABLE
AGENCY OF STATE GOVERNMENT
HAS THE AUTHORITY TO PROSECUTE
ACTIONS UNDER ENABLING LEGISLATION

ARS 3-465 and ARS 3-523 specifically provide for prosecution of violations by the county attorney of each county in which violations of the standardization laws occur.

SUNSET FACTOR: THE EXTENT TO
WHICH THE PROGRAM HAS ADDRESSED
DEFICIENCIES IN THEIR ENABLING
STATUTES WHICH PREVENT THEM FROM
FULFILLING THEIR STATUTORY MANDATES

The Fruit and Vegetable Standardization Program has not experienced any deficiencies in their enabling statutes which have prevented them from fulfilling their statutory mandate.

SUNSET FACTOR: THE EXTENT TO WHICH
CHANGES ARE NECESSARY IN THE LAWS OF
THE PROGRAM TO ADEQUATELY COMPLY WITH
THE FACTORS LISTED IN THIS SUBSECTION

One change is necessary in the laws of the Fruit and Vegetable Standardization Program to adequately comply with the factors listed in this subsection. ARS 3-448 should be revised to permit the fee for Citrus Dealers' licenses to be raised from the current statutory \$1.00 fee. (page 17)

FINDING I

CHANGES NEED TO BE MADE IN THE FEE COLLECTION PROCESSES TO ENSURE THAT ALL FEES ARE PAID, TO INCREASE EFFICIENCY, AND TO REFLECT THE FULL SCOPE OF INSPECTIONS PERFORMED.

The Fruit and Vegetable Standardization Program is totally funded through the collection of inspection fees from companies shipping produce out-of-state. Companies making such shipments receive an inspection slip which describes the type and amount of produce involved. Copies of the inspection slip then become the source for billings of the inspection fees.

Reviewing the collection of these inspection fees we found that:

- (a) Because of control weaknesses there is a need to audit company shipping records to ensure that all fees are paid,
- (b) The billing system should be changed to aid in auditing shipping records and increase efficiency, and
- (c) The present policy of only charging inspection fees for out-of-state shipments should be changed to reflect the comprehensive nature of the inspection program.

Auditing Company Shipping Records

Audits of company shipping records are needed to eliminate control weaknesses that are resulting in some companies not paying fees on as much as 56% of their out-of-state shipments.

Currently, when a company is making an out-of-state shipment of fruit or produce, the Program issues the company an inspection slip showing the type and quantity of fruit or produce being shipped. A copy of this inspection slip is then later used by the Program to determine the amount of inspection fees due.

We found, however, this system has the following control weaknesses:

- (a) There is no control to prevent trucks from leaving the state with uninspected shipments,

- (b) Companies must be relied upon to self-report shipments in many instances. Because of the large number of shippers, and because of the great number of shipments, inspectors cannot be at each shipping point when a shipment goes out. As a result, many times the inspectors must rely on the companies to call them before a shipment is made. Further, the inspectors sometimes leave blank certificates for shippers to fill out themselves and/or the inspectors may fill out certificates from company shipping records, and
- (c) In Yuma, inspectors collect the inspection slips and checks from the citrus companies rather than having the companies mail the checks in. This allows for the potential of embezzlement by the inspector.

Because of the above control weaknesses, our office audited the shipping records of five companies.* Selecting a one-week period for each of the companies, we compared the shipments on which inspection fees were received with the total number of shipments shown on the companies' shipping records. We found the following:

- (a) Each company had at least one shipment on which no inspection fee was paid,
- (b) On the average, 14% of the shipments had no fees paid, and
- (c) One company paid no fees on 56% of its shipments.

Because the time period examined was limited and the number of companies sampled was small, we cannot statistically project from our sample the overall revenue being lost by the Fruit and Vegetable Standardization Program. Nevertheless, we believe the sample shows a strong need to audit company shipping records.

* The five companies selected consisted of two citrus dealers and three produce dealers.

ARS 3-447 and ARS 3-490 already provide the Fruit and Vegetable Standardization Program with the authority to audit shipping records as we did. These sections provide that the Supervisor of Inspections may "...examine the shipping records of licensees to determine and verify the correct amount of the charges due." The Standardization Program has not audited shipping records in the past because they believed that a court order would be necessary to obtain access to such records. We asked the Arizona Legislative Council to review that issue. In a memo dated April 27, 1979*, the Arizona Legislative Council reported, "No court order is necessary for the Supervisor to exercise authority to examine shipment records for purposes of verification of correct charges."

Simplifying the Billing System

The billing system used to collect the inspection fees should be simplified to facilitate auditing shipping records and increase office efficiency and effectiveness.

As described previously, the inspection slips are used for weekly billings. The amount of fees due must be calculated from each slip and totaled to form a weekly billing for each company. For some companies, particularly during busy seasons, this may involve totaling more than 100 slips for just one company's weekly billing. On an annual basis, it means the Program must calculate total billings from 45,000 to 60,000 inspection slips. Not only does this create a sizeable workload for billings, it also serves as an impediment to auditing shipping records.

To audit shipping records, each of the companies' inspection slips must be assembled for the time period being examined. Totals for each commodity must be calculated and then compared against the companies' records. For busy seasons this may involve totaling hundreds of slips per company. We found that this becomes the most time consuming part of the audit process and that it could be greatly reduced by switching to a reporting and billing system similar to that used by the Office of the State Chemist.

* A copy of the April 27, 1979, memo is contained as Appendix A.

The Office of the State Chemist, like the Fruit and Vegetable Standardization Program, is funded by inspection fees. However, rather than relying on individual inspection slips for billing purposes, the Office of the State Chemist has the companies submit quarterly statements of sales which list the total sales by each type of commodity for the given time period. Fees due can then be quickly calculated and the data is already summarized for auditing. If the Fruit and Vegetable Standardization Program were to adopt a similar system, it would greatly facilitate auditing shipping records.*

Use of a statement of sales for billing would also increase the efficiency and effectiveness of the billing process by (a) substantially reducing the amount of paperwork that must be processed, and (b) reducing the likelihood of shipments being made without fees being paid. As shown in Table 1, paperwork would be reduced by 70% if the companies were required to submit weekly statements of sales for billings. (Weekly billings are currently required by statute.) If monthly statements of sales were submitted, paperwork would be reduced by 93%.

TABLE 1

A COMPARISON OF PROCESSING WORKLOAD
USING INSPECTION SLIPS, WEEKLY STATEMENTS
OF SALES, AND MONTHLY STATEMENTS OF SALES

<u>Type of System</u>	<u>Number of Documents Processed</u>	<u>Percent Reduction From Current Workload</u>
Inspection slips	50,000**	0%
Weekly statements	14,700	70%
Monthly statements	3,400	93%

* A copy of a proposed statement of sales for the Fruit and Vegetable Standardization Program and a copy of the State Chemist's statement of sales is shown in Appendix B.

** Program officials estimate they process from 45,000 to 60,000 inspection slips per year.

Using statements of sales would also reduce the likelihood of fees not being paid on shipments. As discussed previously, inspection slips aren't always issued when shipments are made. However, companies use the inspection slips to determine the fees due. Using statements of sales, companies can determine the fees due from their shipping records which are completed on all shipments.

Charging Fees For All Shipments

Currently, the Fruit and Vegetable Standardization Program only charges inspection fees for out-of-state shipments of fruits and vegetables. This practice is a carryover from the early days of the program in which the inspections were only directed towards out-of-state shipments.

However, over the years the inspection activities have been significantly expanded to include both in-state and out-of-state shipments, but the funding for the expanded inspection is still being derived only from out-of-state shipments. Thus, an inequity exists in that companies engaging primarily in out-of-state shipments are subsidizing the inspection of companies shipping their commodities primarily in-state. Data is not available to determine how many companies engage primarily in in-state business because in-state shipments have not been billed in the past. Program officials estimate, however, that 10% of fruits and vegetables may be shipped in-state. Charging fees for both in-state and out-of-state inspections would eliminate the current inequity and ensure that the inspections of in-state shipments were not subsidized by out-of-state shipments.

Charging inspection fees for in-state shipments would also prevent a current practice of disguising some out-of-state shipments as in-state shipments to avoid paying out-of-state fees. For example, one of the five companies whose shipping records we audited was selling produce to grocery chains. The sales were made to the Arizona branch operations of the grocery chains, but the produce was shipped directly from the selling company's premises to out-of-state operations of the grocery chains. The selling company is not paying inspection fees on these defacto out-of-state shipments because the invoices show the produce as sold to Arizona firms.

CONCLUSIONS

1. Company shipping records need to be audited because the present billing system has significant control weaknesses, and 14% of the shipments in our audit sample did not have appropriate fees paid on them.
2. Adopting a billing system using weekly or monthly statements of sales would reduce paperwork by at least 70% and facilitate audits of shipping records.
3. The practice of only charging inspection fees for out-of-state shipments is (a) not consistent with the full scope of inspection activities performed, (b) may lead to out-of-state shipments subsidizing the inspection of in-state shipments, and (c) results in some out-of-state shipments not being charged inspection fees.

RECOMMENDATIONS

1. We recommend that the Fruit and Vegetable Standardization Program institute a practice of periodically auditing (at least annually) the shipping records of its licensed companies to ensure all fees are paid.
2. We recommend that the Fruit and Vegetable Standardization Program adopt a billing system using weekly or monthly statements of sales rather than inspection slips.
3. We recommend that inspection fees be collected on both in-state and out-of-state shipments of Arizona produce.

FINDING II

THE FRUIT AND VEGETABLE STANDARDIZATION PROGRAM DOES NOT KEEP SUFFICIENT DATA TO PROVIDE FOR EVALUATION OF THE PROGRAM AND TO PROVIDE FOR REGULATORY DECISIONS,

The Fruit and Vegetable Standardization Program's primary function is to inspect fruits and vegetables offered for sale in Arizona, and Arizona fruits and vegetables shipped to other states. The inspections are designed to ensure that the fruits and vegetables meet minimum standards of quality and are packed in standard containers. When inspections disclose fruits or vegetables that do not meet minimum standards, the inspectors may order the commodity be reconditioned (re-sorted and graded). If the commodity cannot be reconditioned to meet standards, the inspectors may order the commodity disposed of either as by-products (such as juice) or dumped. If a commodity is to be reconditioned, the inspectors may issue violation notices. If a product is to be disposed of, a disposal order may be issued.

We found the Program does not collect sufficient data about inspections and violations. As a result we were unable to evaluate some aspects of the Program. This absence of adequate inspection data also hinders the Program's regulatory effectiveness. In order to have adequate inspection data the Program needs to keep records of all violations found by the Program and analyze the violations by company.

Recording And Analyzing Violations

The Fruit and Vegetable Standardization Program does not keep records of all identified violations. Inspectors often times issue verbal orders instead of written notices. Further, even when written violation notices are issued, no analysis is made of the number of violations issued to each company.

Evaluation In attempting to evaluate the Program, the absence of records on the number of violations means:

- (a) The amount of substandard produce kept from sale to the Arizona consumers cannot be determined. As a result, the extent to which the Program operates in the public interest cannot be determined, and
- (b) The number of violations cannot be used to evaluate the cost-benefit of the Program. From January 1978 to March 1979 the program issued 97 written notices of violations (this averages out to just over 1/2 violation per month for each inspector). Without knowing how many violations were found but not recorded, it cannot be determined whether enough violations are found to cost-justify the Program.

Regulation The Fruit and Vegetable Standardization Program's ability to regulate its licensees is diminished without the collection and analysis of data on violations. This occurs because the program cannot accurately identify companies with high violation rates. Companies with high violation rates are companies that may (1) need closer inspection than other companies, and (2) be subject to disciplinary action.

As an example of how recording and analyzing violations can be used to better regulate companies, we analyzed the 97 written violations that were issued from January 1978 to March 1979 against 31 companies. Analyzing the violations by company we found most had one or two violations. However, one had 17 violations while another had 13 violations. Further, neither of these two companies are particularly large. In fact, the 15 largest companies had no violations recorded at all.

If the Fruit and Vegetable Standardization Program had adequate inspection data, it could have readily identified the two companies that appear to have excessive violations as compared to other companies. The Program could then ensure that these companies were inspected more frequently, and consider the propriety of renewing their licenses. A survey conducted by the Office of the Auditor General showed 13 of the 29 other states that have standardization programs do keep records of violations for these two purposes.*

* Appendix C summarizes the results of the survey of these 29 states.

CONCLUSION

Failure to keep and analyze data on the number of violations found (1) precludes a comprehensive evaluation of these aspects of the Fruit and Vegetable Standardization Program, and (2) lessens the Program's ability to regulate licensees.

RECOMMENDATION

We recommend that the Fruit and Vegetable Standardization Program keep records of all violations found.

FINDING III

THE FEE FOR CITRUS DEALERS' LICENSES IS EXCESSIVELY LOW WHEN COMPARED WITH THE PROGRAM'S OTHER LICENSE FEES AND IS NOT SUFFICIENT TO COVER THE COST OF ISSUING THE LICENSE.

The Fruit and Vegetable Standardization Program issues four types of licenses:

- (a) Grower-shipper - for persons who ship only their own commodities,
- (b) Produce dealer - for persons who deal in produce other than citrus,
- (c) Citrus dealer - for persons who deal in citrus fruits, and
- (d) Contract packer - for persons who do packing only.

Examining these licenses we found that all except the citrus dealer's require a \$50.00 annual fee which goes to the general fund. In accordance with ARS 3-448, the citrus dealer's license fee is \$1.00 annually. This fee is retained by the Program.

Reviewing the \$1.00 fee, we found that it is not sufficient to cover the cost of issuing the license. We calculated that it costs at least \$5.88 to issue a license. Thus, the 54 licenses issued last year cost the Fruit and Vegetable Standardization Program more than \$260. If a \$50.00 fee were charged in the same manner as other licenses, \$2,700 would have been recovered for the general fund.

The Supervisor of Inspection believes that the primary reason the fee is so low is because it has not been changed since it was established in 1933.

CONCLUSION

The present fee for Citrus Dealer's licenses is excessively low when compared with the Program's other licenses and represents a net loss in terms of processing costs.

RECOMMENDATION

ARS 3-448 should be revised to establish a \$50.00 license fee with proceeds going to the general fund as is done with the other licenses.



ARIZONA FRUIT AND VEGETABLE STANDARDIZATION

2720 WEST WELDON AVENUE
PHOENIX, ARIZONA 85017

L. T. BURR
SUPERVISOR OF INSPECTION

Phone 264-0556

September 11, 1979

Mr. Douglas R. Norton
Auditor General
Office of the Auditor General
Suite 600-112 No. Central Ave.
Phoenix, Arizona 85004

Dear Mr. Norton:

In response to Performance Audit of The Arizona Fruit and Vegetable Standardization.

In response to Sunset Factor: The degree to which the department has been able to respond to the needs of the public and the efficiency with which it has operated and finding number II.

This has been corrected and all violations are being recorded.

In response to paragraph A and simplifying the billing system: We must have inspection slips for interstate shipments daily to work in conjunction with Federal Market News. This data is given each morning by 10:00 A. M. to Federal Market News Service to go on lease wire to all parts of the United States. Thus our billing is taken from these inspection slips.

Billing on weekly basis: Due to approximately 30 of the largest shippers having their offices out of state and keeping no records in Arizona, we feel the inspection slips and billing from these on a weekly basis is the proper procedure.

In reply to finding I: Audits of company shipping records are needed to eliminate control weaknesses that are resulting in some companies not paying fees on as much as 56% of their out-of-state shipments.

Our records show this company in question for the shipping year 1978-79 shows yields-per-acre of interstate shipments equal to or higher than Central Arizona average of their top six major commodities shipped; representing two-thirds of their acreage.

September 11, 1979

Paragraph C: In Yuma, inspectors collect the inspection slips and checks from the Citrus Companies.


This has been changed and all inspection slips are sent to Phoenix for billing.

Charging fees for all shipments: We have many small growers with small acreages who harvest and deliver direct from field to grocery store, wholesale house, fruit stand or farmers market direct to consumer. It would be impossible to completely control this situation as to collecting fees.

CONCLUSION:

Paragraph 2. Due to our cooperative working agreement with Federal Market News Service in totaling daily interstate shipments of all commodities from inspection slips it would not reduce our paper work as much as shown by Conclusion 2. This data is given each morning by 10:00 A. M. to Federal Market News Service to go on lease wire to all parts of the United States.

Very truly yours,


L. T. Burr
Supervisor of Inspection

LTB:hc

APPENDICES

April 27, 1979

TO: Douglas R. Norton, Auditor General
FROM: Arizona Legislative Council
RE: Request for Research and Statutory Interpretation (O-79-29)

This is in response to a request submitted on your behalf by Gerald A. Silva in a memo dated April 23, 1979.

FACT SITUATION

The Arizona Legislature created the citrus fruit revolving fund and the fruit and vegetable revolving fund to provide a source of funds for regulatory enforcement (Arizona Revised Statutes sections 3-447 and 3-490). These funds are composed of charges on each lot of citrus fruit and fruits and vegetables shipped under the provisions of Title 3, chapter 3, articles 2 and 4, Arizona Revised Statutes. Charges are paid in weekly installments to the supervisor of inspections (Id.). The supervisor of inspections maintains that he must obtain a court order to inspect shipping records to determine the correct amount of charges for each licensee.

QUESTIONS PRESENTED

1. What actions, including obtaining court orders, if any, are necessary on the part of the supervisor of inspection(s) to obtain access to the shipping records?

2. Under what circumstances could the Office of the Auditor General obtain access to the shipping records utilizing the access [available] to the supervisor of inspections?

3. What other [alternatives] are available to the Office of the Auditor General to obtain access to the shipping records?

1. There is no statutory requirement that the supervisor of inspections have a court order to obtain access to shipping records to verify that correct charges are paid to the citrus fruit and fruit and vegetable revolving funds. Section 3-447, subsection E, Arizona Revised Statutes, provides that:

The supervisor may examine the shipment records of a licensee to verify or determine the correct amount of charges due from the licensee.

Similarly, section 3-490, subsection C, Arizona Revised Statutes, states in relevant part:

The supervisor is authorized to calculate the amount of the charges within the limitations of this section, and is authorized to examine the shipping records of licensees to determine and verify the correct amount of the charges due.

The meaning of these statutes is clear. The supervisor has the discretionary authority to examine shipment records to verify payment of correct charges. No statutory provision

mandates issuance of a court order prior to such an inspection. These sections have not been interpreted by any Arizona court decision or attorney general's opinion to require a court order.

While the United States Supreme Court has ruled that certain types of administrative inspections require the issuance of a search warrant (see Marshall v. Barlow's, Inc., 436 U.S. 307 (1978), Camera v. Municipal Court of San Francisco, 387 U.S. 523 (1967), See v. Seattle, 387 U.S. 541 (1967)), we believe that warrantless inspections by the supervisor come within the exceptions for closely regulated industries long subject to close supervision and inspection (see Marshall, supra at 313, U.S. v. Biswell, 406 U.S. 311 (1972), Colonnade Catering Corp. v. United States, 397 U.S. 72 (1970)). If inspections are reasonably conducted pursuant to authority granted by a statutory licensing scheme, we must conclude that they are not constitutionally defective for lack of a court order.

A review of other provisions *in Title 3, Arizona Revised Statutes, indicates several other instances where the supervisor may conduct examinations without a court order. Thus we can find neither a legislative intent nor a constitutional mandate which requires a court order prior to examination of shipping records by the supervisor of inspections.

2. A review of Title 3, Arizona Revised Statutes, indicates that the only circumstance in which the Auditor General could obtain access to shipping records utilizing the supervisor's examination authority would be in the capacity of a deputy, clerk or other authorized representative of the supervisor (see section 3-483, subsection C, Arizona Revised Statutes).

3. The issue as to whether the Auditor General has independent authority to obtain access to the shipping records is difficult to resolve. The pertinent statutory provisions are Arizona Revised Statutes sections 41-1279, 41-1279.03 and 41-1279.04. Section 41-1279.03, subsection A, paragraph 2 provides that the Auditor General shall:

[p]erform special audits and related assignments as designated by the committee, and shall conduct program audits, performance audits, special audits and investigations of any state agency. . .

* See Arizona Revised Statutes sections 3-444 (every place or vehicle in this state where citrus fruits are produced, received, packed, delivered, loaded, shipped, offered for sale or sold may be entered and inspected as well as the citrus fruit found in such place or vehicle), 3-458 (citrus fruit shipments entering the state must be inspected), 3-486 (every place or vehicle in this state where fruits or vegetables are produced, received, packed, delivered, loaded, shipped, offered for sale or sold may be entered and inspected as well as the fruits and vegetables found in such place or vehicle), 3-488 (during investigations of farm product transactions, the supervisor or his authorized representative may examine books, accounts, memoranda or other documents relating to the transaction), 3-497 (required consignment records of commission merchants must be retained for one year and must be open at all times for inspection), 3-498 (required transaction records of commission merchants must be retained for one year and must be open at all times for inspection), 3-533 (inspections of places and vehicles concerning pecans; identical to sections 3-444 and 3-486).

Section 41-1279, paragraph 2, defines "investigation" as meaning:

an inquiry into specified acts or allegations of impropriety, malfeasance or nonfeasance in the obligation, expenditure, receipt or use of public funds of this state or into specified financial transactions or practices which may involve such impropriety, malfeasance or nonfeasance.

Section 41-1279.04 provides that:

[t]he Auditor General shall have access to, and authority to examine any and all books, accounts, reports, vouchers, correspondence files and other records, bank accounts, money and other property of any state agency. . . It shall be the duty of any officer or employee of any such agency having such records under his control, to permit access to, and examination thereof, upon the request of the Auditor General or his authorized representative.

Read together, these statutes appear to stand for the proposition that examinations by the Auditor General are limited to state agencies and their records. A shipper, licensed pursuant to Title 3, Arizona Revised Statutes, is neither a state agency nor are his records "under the control" of a state officer or employee. However, an argument can be made that access to those shipment records is necessary for an effective "investigation" of a state agency (in this case, the Agriculture and Horticulture Commission). The monies in the citrus fruit and the fruit and vegetable revolving funds are "public funds" and the payment of the shipment charges would seem to be the "financial transactions or practices" contemplated in Arizona Revised Statutes section 41-1279, paragraph 2. An inquiry into an allegation of impropriety, malfeasance or nonfeasance concerning the payment of shipping charges to the revolving funds would be severely handicapped if the Auditor General had access only to records of the supervisor of inspections.

Thus, while we cannot predict how a court will decide this question we believe that a reasonable argument can be made supporting the proposition that for an investigation to be effective and complete the Auditor General should have access to the shipment records described in Arizona Revised Statutes sections 3-447 and 3-490.

CONCLUSIONS

1. No court order is necessary for the supervisor to exercise authority to examine shipment records for purposes of verification of payment of correct charges.
2. The Auditor General could have access to the shipment records only in the capacity of a deputy, clerk or authorized representative of the supervisor of inspections.
3. An argument can be made that the Auditor General should have access to the shipment records for the purpose of investigating acts or allegations of impropriety, malfeasance or nonfeasance concerning public funds or specified financial transactions or practices.

cc: Gerald A. Silva,
Performance Audit Manager

APPENDIX B

Suggested Weekly Shipping Report
and Examples of the Office of the
State Chemist's Statement of Sales
for Feed and Fertilizer.

APPENDIX B

Suggested Weekly Shipping Report

Fruit and Vegetable Standardization Program
Statement of Shipments of Fruit and Vegetables

Shipped during weeks ended _____

By: _____
(company)

(address)

<u>Commodity</u>	<u>Type Container</u>	<u>Quantity</u>	<u>Fee</u>
Beets	_____ _____ _____	_____ _____ _____	_____ _____ _____
Bok-Choy	_____ _____ _____	_____ _____ _____	_____ _____ _____
Broccoli	_____ _____ _____	_____ _____ _____	_____ _____ _____
Cabbage	_____ _____ _____	_____ _____ _____	_____ _____ _____
Cantaloupes	_____ _____ _____	_____ _____ _____	_____ _____ _____
Carrots	_____ _____ _____	_____ _____ _____	_____ _____ _____
Cauliflower	_____ _____ _____	_____ _____ _____	_____ _____ _____
Endive	_____ _____ _____	_____ _____ _____	_____ _____ _____
Grapes	_____ _____ _____	_____ _____ _____	_____ _____ _____
Greens	_____ _____ _____	_____ _____ _____	_____ _____ _____
Honeydews	_____ _____ _____	_____ _____ _____	_____ _____ _____

APPENDIX B

Suggested Weekly Shipping Report

Fruit and Vegetable Standardization Program
Statement of Shipments of Fruit and Vegetables

Shipped during weeks ended _____

By: _____
(company)

(address)

<u>Commodity</u>	<u>Type Container</u>	<u>Quantity</u>	<u>Fee</u>
Grapefruit:			
White	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Ruby	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Oranges:			
Navels	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Valencia	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Sweets	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Tangerine Type Fruit:			
Algerian	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Kinnow	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Minneola	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Tangelo	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Lemons	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
		Total Fee	_____

I certify that the above information is true and correct to the best of my knowledge.

Signature of Authorized Representative

Office Title

<u>Commodity</u>	<u>Type Container</u>	<u>Quantity</u>	<u>Fee</u>
Lettuce	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Napa	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Dry Onions	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Green Onions	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Parsley	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Sweet Potatoes	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Radishes	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Rapini	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Romaine	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Spinach	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Squash	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Tomatoes	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Turnips	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Watermelons	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
		Total Fee	_____

I certify that the above information is true and correct to the best of my knowledge.

OFFICE OF STATE CHEMIST
P.O. Box 1586
Mesa, Arizona 85201

STATEMENT OF SALES OF COMMERCIAL FEEDS
and/or
CUSTOMER – FORMULA FEEDS

Distributed during Quarter Ending _____ Delinquent Date _____

By: _____

Complete this form and return signed original with fee due to State Chemist.
If you are passing on responsibility for payment of fee, complete reverse side of this form.

Feeds distributed during quarter, on which inspection fee is being paid (segregate below) _____ Tons

Inspection Fee at 15¢ Per Ton (*\$2.00 per quarter minimum*) \$ _____

Penalty of 10% (*Minimum of \$10.00*) if reported after _____ \$ _____

Total fee submitted \$ _____

I certify that the above information is true and correct to the best of my knowledge.

X _____
Signature of Authorized Representative Office Title Date

SEGREGATION OF MATERIALS COVERED BY ABOVE FEES:

Materials	Whole Tons	Materials	Whole Tons
Alfalfa Meal a		Rabbit Feeds p	
Animal By-Products b		Salt q	
Beef Cattle Feeds c		Swine Feeds r	
Beef Cattle Feeds (Supplement) d		Vitamin Supplements s	
Beet Pulp e		Wheat By-Products t	
Cottonseed Meal f		Wild Bird Feed u	
Dairy Cattle Feeds g		Other (Specify):	
Calf Feeds h			
Fish Feeds i			
Horse Feeds j			
Mineral Feeds k			
Molasses l			
Oil Seed Meal (other than Cottonseed) m			
Pet Foods n			
Poultry Feeds o		TOTAL TONS (this side only)	

OFFICE OF STATE CHEMIST

P.O. Box 1586

Mesa, Arizona 85201

STATEMENT OF SALES OF COMMERCIAL FERTILIZERS

Distributed during Quarter Ending _____ Delinquent Date _____

By:

Complete this form and return signed original with fee due to State Chemist.
If you are passing on responsibility for payment of fee, complete reverse side of this form.

Fertilizers distributed during quarter, on which inspection fee is being paid (segregate below) _____ Tons

Inspection Fee at 20¢ Per Ton (\$2.00 per quarter minimum) \$ _____

Penalty of 10% (minimum of \$10.00) if reported after _____ \$ _____

Total fee submitted \$ _____

I certify that the above information is true and correct to the best of my knowledge.

X _____
Signature of Authorized Representative Office Title Date

SEGREGATION OF MATERIALS COVERED BY ABOVE FEES:

Materials	(Dry (F)luid	Whole Tons	Materials	(Dry (F)luid	Whole Tons	Materials	(Dry (F)luid	Whole Tons
Ammonium Nitrate 33.5-0-0	a	D	Anhydrous Ammonia	q	F			
Am. Phosphate 11-48-0	b	D	Urea Am. Nit. 32-0-0	r	F			
Am. Phosphate 13-39-0	c	D	Ammon. Nit. Soln. 20-0-0	s	F			
Am. Phosphate 16-20-0	d	D	Ammonia Solutions 20-0-0	t	F			
Am. Phosphate 18-46-0	e	D	Calcium Am. Nit. 17-0-0	u	F			
Ammonium Sulfate 21-0-0	f	D	Phosphoric Acid	v	F			
Calcium Nitrate 15.5-0-0	g	D	Liquid Fertilizer 9-30-0	w	F			
Potassium Sulfate/Chloride	h	D	Liquid Fertilizer 10-34-0	x	F			
Superphosphate, Normal	i	D						
Superphosphate, Treble	j	D						
Urea 46-0-0 and 45-0-0	k	D						
Gypsum	l	D						
Sulfur	m	D						
Iron Products	n	D or F						
Sulfuric Acid	o	F						
Lime Sulfur Soln.	p	F						
TOTAL TONS (this side only)								

APPENDIX C

Results of A Survey of Other
States' Fruit and Vegetable
Standardization Programs.

RESULTS OF A SURVEY OF OTHER STATES'
FRUIT AND VEGETABLE STANDARDIZATION PROGRAMS

State	Do you have a Standardization Program?		For 1978 please list the number of -			Do you monitor the number of violations by shipper?	
	Yes	No	Inspectors	Inspections	Violations	Yes	No
1. Alabama	X						
2. Alaska	X		2	500	20		X
3. ARIZONA	X		11	*	*		X
4. Arkansas		X					
5. California	X		32	128,621	116	X	
6. Colorado		X					
7. Connecticut		X					
8. Delaware		X					
9. Florida	X		432	550,740	288		X
10. Georgia	X		9			X	
11. Hawaii	X		3.5	32,116	533	X	
12. Idaho	X					X	
13. Illinois	X		3				X
14. Indiana		X					
15. Iowa		X					
16. Kansas		X					
17. Kentucky		X					
18. Louisiana	X						X
19. Maine	X		8	7,500	150	X	
20. Maryland	X		60				X
21. Massachusetts	X		7		72	X	
22. Michigan	X		20	47,000			X
23. Minnesota	X		33			X	
24. Mississippi		X					
25. Missouri		X					
26. Montana	X		12	12,245	1,943		X
27. Nebraska		X					
28. Nevada	X		9				X
29. New Hampshire		X					
30. New Jersey	X		4	7,605	147	X	
31. New Mexico		X					
32. New York	X		10	30,184	676	X	
33. North Carolina	X						
34. North Dakota		X					
35. Ohio	X		60				X
36. Oklahoma		X					
37. Oregon	X		2				X
38. Pennsylvania	X		7			X	
39. Rhode Island		X					
40. South Carolina	X		56	8,000			X
41. South Dakota		X					
42. Tennessee		X					
43. Texas	X		250				X
44. Utah		X					
45. Vermont	X					X	
46. Virginia	X		9	6,909	670	X	
47. Washington	X		120				X
48. West Virginia	X		7			X	
49. Wisconsin		X					
50. Wyoming	X		5	65			X

* As discussed in the body of the report, this data is not presently kept by the Arizona Standardization Program.

SURVEY OF STATE DEPARTMENTS OF AGRICULTURE
NURSERY INSPECTIONS

State	License or Certify* Nurseries to do Business?		Inspect Nurseries for Pests?		If yes, how frequently must they be inspected?	Fees Charged for:	
	Yes	No	Yes	No		License or Certificate	Inspections
1. Alabama	X		X		Annually	Growers \$20 - \$100 Dealers (retailers): \$10 per location	No fee
2. Alaska		X		X		-	-
3. ARIZONA	X		X		Annually	No fee	No fee
4. Arkansas	X		X		Annually	\$10	\$30 plus charge for yard space over 500 sq. ft.
5. California	X		X		Not specified	\$50 plus acreage fee	No fee
6. Colorado	X		X		Annually	Yes - no amounts given	Yes - no amounts given
7. Connecticut	X		X		Not specified	No fee	No fee
8. Delaware	X		X		Annually	No fee	No fee
9. Florida	X		X		Not specified	\$10 - \$200	No fee
10. Georgia	X		X		Annually	\$5/acre Min: \$15 Max: \$200	No fee
11. Hawaii	X		X		Not specified	Com. Exporter: \$10	\$10 - \$20
12. Idaho	X		X		Annually	\$15	No fee
13. Illinois	X		X		Annually Greenhouses: twice/year	\$15 - \$125, depending on acreage	Special inspections: \$8/hr. plus mileage
14. Indiana	X		X		Annually	\$15	\$10 plus 50¢/acre
15. Iowa	X		X		Annually	\$5 - \$65	No fee
16. Kansas	X		X		Annually	\$20	\$2/acre
17. Kentucky	X		X		Annually	\$5/dealer	\$5/inspection
18. Louisiana	X		X		Twice/year	Up to \$25	No fee
19. Maine	X		X		Annually	\$5 (for 3 years)	No fee
20. Maryland	X		X		Annually	\$20	\$1 per acre up to \$500
21. Massachusetts	X		X		Annually	\$20 (Nursery agents)	\$5 - \$35
22. Michigan	X		X		Annually	\$25	\$10 first acre; \$5 each additional acre
23. Minnesota	X		X		Not specified	\$25 - \$200 based on gross sales	\$15 - \$300 based on acreage
24. Mississippi	X		X		Twice/year	No fee	No fee
25. Missouri	X		X		Annually	No fee	Less than 1/2 acre: \$5 1/2 to 1 acre: \$10 Each additional acre: \$1

* See following page

TABLE 8

SURVEY OF STATE DEPARTMENTS OF AGRICULTURE
NURSERY INSPECTIONS

	State	License or Certify* Nurseries to do Business?		Inspect Nurseries for Pests?		If yes, how frequently must they be inspected?	Fees Charged for:	
		Yes	No	Yes	No		License or Certificate	Inspections
26.	Montana	X		X		Twice/year	\$10, \$20, or \$30	\$10 per certificate
27.	Nebraska	X		X		Annually	No fee	\$5 plus 50¢/acre
28.	Nevada	X		X		Annually	\$25	No fee
29.	New Hampshire		X	X		Annually	No fee	No fee
30.	New Jersey	X		X		Annually	No fee	No fee
31.	New Mexico	X		X		Annually	\$10, \$25	\$10, \$25
32.	New York	X		X		Annually	\$15	No fee
33.	North Carolina	X		X		Annually	\$5 first acre; \$1 each additional acre	No fee
34.	North Dakota	X		X		Annually	\$10; Agent - \$5	No fee
35.	Ohio	X		X		Annually	Dealer - \$20 Grower - \$30 plus \$1/acre	No fee
36.	Oklahoma	X		X		Annually	\$12.50	\$5/acre
37.	Oregon	X		X		Annually	\$40 - \$500	Additional fee for special certification
38.	Pennsylvania	X		X		Annually	No fee	No fee
39.	Rhode Island†	X		X		Annually	\$10	No fee
40.	South Carolina	X		X		Annually	No fee	No fee
41.	South Dakota	X		X		Annually	\$10 - \$15	No fee
42.	Tennessee	X		X		Annually	No fee	No fee
43.	Texas	X		X		Annually	\$5 - \$25	No fee
44.	Utah	X		X		Annually	\$10	No fee
45.	Vermont	X		X		Once or twice a year	No fee	No fee
46.	Virginia	X		X		Annually	\$10; Dealers - \$2	No fee
47.	Washington	X		X		Twice/year	\$25	\$12/hr.
48.	West Virginia	X		X		Not specified	\$10, \$20	No fee
49.	Wisconsin	X		X		Annually	\$10, \$35 or more depending on acreage and volume of business.	No fee
50.	Wyoming	X		X		Annually	\$10	No fee
		48	2	49	1			

* Licensing precludes a nursery from doing business until certain requirements are met, including a periodic inspection and the payment of a fee. In some states, "certifying" may be identical or similar to licensing. In other states, including Arizona, certification may not be required in order to do business, but is merely a declaration that the certified nursery is free of dangerous pests and diseases.

APIARY INSPECTIONS

State	Requires Beekeepers to:		Does State Inspect Apiaries?		If yes, how often is inspection required by law?	Licensing or Registration	Certification Inspection	Amounts Charged for:
	Obtain Licenses	Register Their Hives	Register Their Brands	Yes				
1. Alabama		X		X	Once/year	1-25 colonies: \$2 Over 25 col: \$5-\$25		
2. Alaska				X	Once/year	No fee	No fee	
3. ARIZONA		X		X	Once/year	No fee	No fee	
4. Arkansas		X		X	Not specified by law	0-9 col: no charge 10-7500 col: \$7.50 - \$120 Over 7500 col: \$150	Cost of inspection	
5. California		X	X	(County Inspectors)	Once every 2 yrs.	1-50 col: \$5 Over 50 col: \$10-\$25		
6. Colorado	X			X	Once every 2 yrs.	No fee	No fee	
7. Connecticut		X		X	Once/year	No fee	No fee	
8. Delaware		X		X	Once/year	No fee	No fee	
9. Florida		X		X	Once/year	No fee	No fee	
10. Georgia		X		X	Every 18 mos.	\$25 (life-time)	No fee	
11. Hawaii				X	Not specified by law			
12. Idaho		X		X	Once/year	10¢/colony	\$10/hr. (\$20 min) plus mileage	
13. Illinois		X		X	Once/year	No fee	No fee	
14. Indiana				X	Once/year	No fee	No fee	
15. Iowa				X	Once/year	No fee	No fee	
16. Kansas				X	Not specified by law	10¢/colony	No fee	
17. Kentucky		X		X	Not specified by law	1-3 colonies: 25¢ Over 3 col: 5¢ each	No fee	
18. Louisiana				X	Once/year	10¢/colony; \$1 min.	No fee	
19. Maine		X		X	Once/year	No	No fee	
20. Maryland		X		X	Once/year	No	No fee	
21. Massachusetts				X	As determined by Director	1st apiary: \$3.50 \$1 each additional apiary	Cost of inspection	
22. Michigan		X		X	Once every 2 years	\$5 registration; 15¢/colony for regular inspection	25¢/colony	
23. Minnesota		X		X	Once/year	No fee	No fee	
24. Mississippi				X	Upon request or when disease is suspected.	\$5 - \$200	\$20 plus per diem and travel expenses	
25. Missouri				X	Twice/year	\$5 first 5 hives opened; 50¢ per hive after 5; plus mileage		
26. Montana		X		X	Once/year	25¢/colony	No fee	
27. Nebraska				X	Not set by law		\$3	
28. Nevada		X		X	Once/year		25¢/colony	
29. New Hampshire				X	Once/year		No fee	

TABLE 9
SURVEY OF STATE DEPARTMENTS OF AGRICULTURE

APIARY INSPECTIONS

State	Requires Beekeepers to:		Does State Inspect Apiaries?		Amounts Charged for:		
	Obtain Licenses	Register Their Hives	Register Their Brands	Yes	No	Licensing or Registration	Certification Inspection
30. New Jersey		X		X		No fee	No fee
31. New Mexico		Commercial Apiaries only		X		\$2 - 5 per apiary; \$200 max./beekeeper	No fee
32. New York				X		\$1/hive	No fee
33. North Carolina	X	X (Voluntary)		X		10¢/colony	No fee
34. North Dakota	X	X		X		\$1/apiary	No fee
35. Ohio		X		X		No fee	No fee
36. Oklahoma		X		X		\$1 plus 15¢/colony over six	No fee
37. Oregon		X		X		No fee	No fee
38. Pennsylvania		X		X		No fee	No fee
39. Rhode Island		X		X		No fee (\$50 fine for not registering)	No fee
40. South Carolina				X		Upon request or when moving hives	No fee
41. South Dakota		X		X		Interstate movement: Once/year Others: once/2 yrs.	15¢/colony
42. Tennessee		X		X		As necessary	No fee
43. Texas	X	X	X	X		50¢/(per hive)	A fee is charged, but no amounts given
44. Utah		X		X		\$5	
			(County Inspectors)				
45. Vermont		X		X		No fee	No fee
46. Virginia				X		No fee	No fee
47. Washington		X		X		Every 2 years	\$12/hour
48. West Virginia	X	X		X		Once/year	No fee
49. Wisconsin				X		Once/year	Cost of inspection
50. Wyoming		X		X		No fee	No fee
	8	34	2	48	2		

RESULTS OF A SURVEY OF OTHER STATES'
FRUIT AND VEGETABLE STANDARDIZATION PROGRAMS

State	Do you have a Standardization Program?		For 1978 please list the number of -			Do you monitor the number of violations by shipper?	
	Yes	No	Inspectors	Inspections	Violations	Yes	No
1. Alabama	X						
2. Alaska	X		2	500	20		X
3. ARIZONA	X		11	*	*		X
4. Arkansas		X					
5. California	X		32	128,621	116	X	
6. Colorado		X					
7. Connecticut		X					
8. Delaware		X					
9. Florida	X		432	550,740	288		X
10. Georgia	X		9			X	
11. Hawaii	X		3.5	32,116	533	X	
12. Idaho	X					X	
13. Illinois	X		3				X
14. Indiana		X					
15. Iowa		X					
16. Kansas		X					
17. Kentucky		X					
18. Louisiana	X						X
19. Maine	X		8	7,500	150	X	
20. Maryland	X		60				X
21. Massachusetts	X		7		72	X	
22. Michigan	X		20	47,000			X
23. Minnesota	X		33			X	
24. Mississippi		X					
25. Missouri		X					
26. Montana	X		12	12,245	1,943		X
27. Nebraska		X					
28. Nevada	X		9				X
29. New Hampshire		X					
30. New Jersey	X		4	7,605	147	X	
31. New Mexico		X					
32. New York	X		10	30,184	676	X	
33. North Carolina	X						
34. North Dakota		X					
35. Ohio	X		60				X
36. Oklahoma		X					
37. Oregon	X		2				X
38. Pennsylvania	X		7			X	
39. Rhode Island		X					
40. South Carolina	X		56	8,000			X
41. South Dakota		X					
42. Tennessee		X					
43. Texas	X		250				X
44. Utah		X					
45. Vermont	X					X	
46. Virginia	X		9	6,909	670	X	
47. Washington	X		120				X
48. West Virginia	X		7			X	
49. Wisconsin		X					
50. Wyoming	X		5	65			X

* As discussed in the body of the report, this data is not presently kept by the Arizona Standardization Program.

TABLE 10

FINDING SOURCES FOR STATE
SEED CONTROL PROGRAMS*

	State	Source of Funds:	
		General Fund	Fees
1.	Alabama	25%	75%
2.	Alaska	100	0
3.	ARIZONA	62	38
4.	Arkansas	0	100
5.	California	0	100
6.	Colorado	100	0
7.	Connecticut	100	0
8.	Delaware	90	10
9.	Florida	66	34
10.	Georgia	100	0
11.	Hawaii	95	5
12.	Idaho	100	0
13.	Illinois	100	0
14.	Indiana	0	100
15.	Iowa	95	5
16.	Kansas	60	40
17.	Kentucky	20	80
18.	Louisiana	100	0
19.	Maine	100	0
20.	Maryland	100	0
21.	Massachusetts	100	0
22.	Michigan	100	0
23.	Minnesota	0	100
24.	Mississippi	75	25
25.	Missouri	75	25
26.	Montana	80	20
27.	Nebraska	100	0
28.	Nevada	100	0
29.	New Hampshire	**	**
30.	New Jersey	100	0
31.	New Mexico	87	13
32.	New York	100	0
33.	North Carolina	65	35
34.	North Dakota	0	100
35.	Ohio	0	100
36.	Oklahoma	0	100
37.	Oregon	75	25
38.	Pennsylvania	100	0
39.	Rhode Island	100	0
40.	South Carolina	100	0
41.	South Dakota	100	0
42.	Tennessee	75	25
43.	Texas	100	0
44.	Utah	100	0
45.	Vermont	100	0
46.	Virginia	100	0
47.	Washington	0	100
48.	West Virginia	99	1
49.	Wisconsin	100	0
50.	Wyoming	95	5

* Source: Responses to questionnaires sent to state departments of agriculture by the Office of the Auditor General.

** The New Hampshire Legislature cut all seed funds in fiscal year 1978-79.

TABLE 13

SUMMARY OF STATES THAT PUBLISH THE NAMES
OF COMPANIES THAT VIOLATE SEED LAWS, THE
MANNER IN WHICH VIOLATIONS ARE PUBLICIZED,
AND OFFICIAL RESPONSES REGARDING THE EFFECT
PUBLICIZING COMPANIES HAS ON THEIR
SEED CONTROL PROGRAM*

<u>States That Publicize The Names Of Companies That Violate State Seed Laws</u>	<u>The Manner In Which Violators Are Publicized</u>	<u>Official Responses Regarding The Effect Publicizing Companies Has On Their Seed Control Program</u>
1. Alabama	Quarterly Report	Increases effectiveness.
2. Arkansas	Monthly State Plant Board News; 9,600 circulation	"The most effective control tool we have."
3. Colorado	Annual Report	No response given.
4. Connecticut	Report on Findings	Increases effectiveness to a degree.
5. Florida	Quarterly Laboratory Report	Increases effectiveness.
6. Indiana	Annual Report	Increases effectiveness. Used as a sales tool by seedmen.
7. Kentucky	Annual Report	"Very effective."
8. Maryland	Department Reports and News Releases	No response given.
9. Massachusetts	Annual Publication	Increases effectiveness.
10. Nebraska	Annual Laboratory Report	Increases effectiveness.
11. New Jersey	Annual Report	"Definitely increases effectiveness."
12. North Carolina	Department's Agriculture Review	Increases effectiveness. Seedmen prefer fines over publicity.
13. North Dakota	Annual Publication	No response.
14. Oklahoma	Annual Publication	Increases effectiveness.
15. Pennsylvania	Annual Report	Increases effectiveness if repeat violators.
16. Rhode Island	Annual Publication	Increases effectiveness.
17. South Dakota	Annual Laboratory Report	Increases effectiveness.
18. Utah	Annual Report distributed to seed dealers	No response.
19. Virginia	Monthly Report	Increases effectiveness. Seedmen prefer fines over publicity.
20. West Virginia	Annual Laboratory Report sent to industry.	Increases effectiveness.

* Source: Responses to a survey of state seed control programs conducted by the Office of the Auditor General.

Suggested Weekly Shipping Report

Fruit and Vegetable Standardization Program
Statement of Shipments of Fruit and Vegetables

Shipped during weeks ended _____

By: _____
(company)

(address)

<u>Commodity</u>	<u>Type Container</u>	<u>Quantity</u>	<u>Fee</u>
Grapefruit:			
White	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Ruby	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Oranges:			
Navels	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Valencia	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Sweets	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Tangerine Type Fruit:			
Algerian	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Kinnow	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Minneola	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Tangelo	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Lemons	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
			Total Fee _____

I certify that the above information is true and correct to the best of my knowledge.

Signature of Authorized Representative

Office Title

APPENDIX B

Suggested Weekly Shipping Report

Fruit and Vegetable Standardization Program
Statement of Shipments of Fruit and Vegetables

Shipped during weeks ended _____

By: _____
(company)

(address)

<u>Commodity</u>	<u>Type Container</u>	<u>Quantity</u>	<u>Fee</u>
Beets	_____ _____ _____	_____ _____ _____	_____ _____ _____
Bok-Choy	_____ _____ _____	_____ _____ _____	_____ _____ _____
Broccoli	_____ _____ _____	_____ _____ _____	_____ _____ _____
Cabbage	_____ _____ _____	_____ _____ _____	_____ _____ _____
Cantaloupes	_____ _____ _____	_____ _____ _____	_____ _____ _____
Carrots	_____ _____ _____	_____ _____ _____	_____ _____ _____
Cauliflower	_____ _____ _____	_____ _____ _____	_____ _____ _____
Endive	_____ _____ _____	_____ _____ _____	_____ _____ _____
Grapes	_____ _____ _____	_____ _____ _____	_____ _____ _____
Greens	_____ _____ _____	_____ _____ _____	_____ _____ _____
Honeydews	_____ _____ _____	_____ _____ _____	_____ _____ _____