STATE OF WISCONSIN
Legislative Audit Bureau
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SUMMARY
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Dairy Processor Grant Program and Meat Processor Infrastructure Grant Program

Department of Agriculture, Trade and Consumer Protection

In response to the Joint Legislative Audit Committee's request that we evaluate the administration of state grants by executive branch agencies, we completed a review of the Dairy Processor Grant program and Meat Processor Infrastructure Grant program administered by the Department of Agriculture, Trade and Consumer Protection (DATCP).

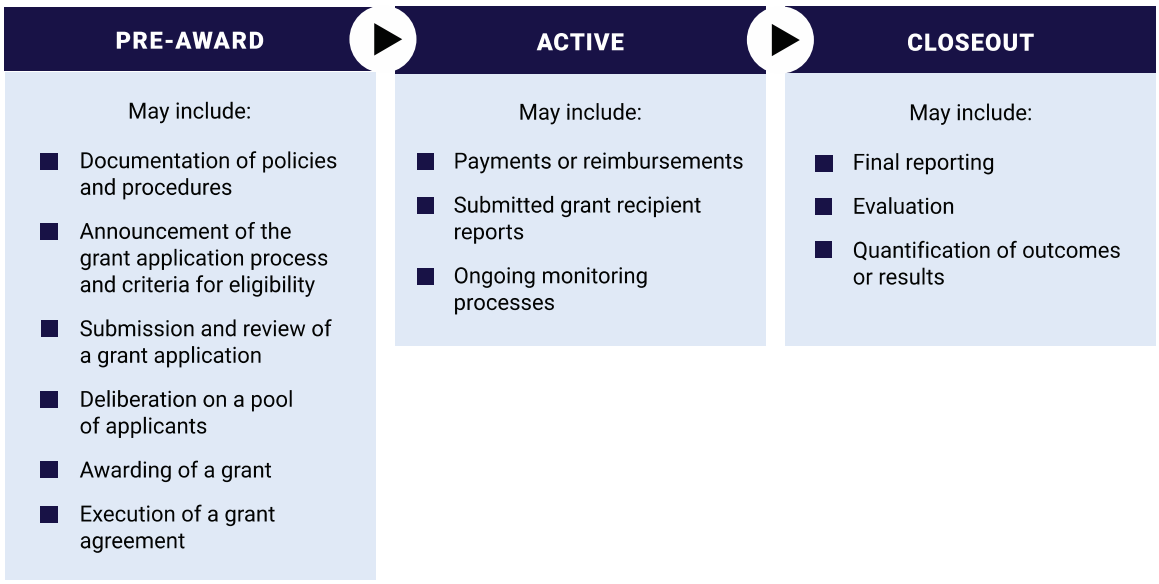
Under the Dairy Processor Grant program, grants are designed to help implement projects that increase production, profitability, processing, marketing, or distribution of Wisconsin dairy products or that benefit the dairy industry in other ways. From fiscal year (FY) 2023-24 through FY 2024-25, DATCP awarded 29 dairy processor grants totaling $1.0 million.

Under the Meat Processor Infrastructure Grant program, grants are designed to help implement projects that increase a meat processing facility's harvest capacity by 20.0 percent or more per year or that benefit Wisconsin's meat sector in other ways. From FY 2023-24 through FY 2024-25, DATCP awarded 48 meat processor infrastructure grants totaling $2.1 million.

We reviewed each of the 14 dairy processor grants and each of the 9 meat processor infrastructure grants that DATCP executed in FY 2024-25. We also reviewed each of the 21 dairy processor grants and each of the 17 meat processor infrastructure grants that ended in FY 2024-25.

In general, state grants involve management of the pre-award, active, and closeout stages

Stages of Grant Management



We also identified five grant management best practices based on our review of publicly available information.

We identified pre-award stage concerns related to application scoring and review and grant awards

Application Scoring and Review

DATCP's grant policies and procedures indicated that once a grant proposal was received, program staff reviewed it to identify potential issues. The review process included a series of activities to review information from the State of Wisconsin Ineligible Vendor List, the Federal Debarment List, Wisconsin Circuit Court Access, the Wisconsin Department of Financial Institutions, the Wisconsin Department of Revenue, and the Wisconsin Department of Natural Resources, as well as internal information from DATCP. We found that DATCP did not complete all review activities for dairy processor grant proposals in accordance with its grant policies and procedures. DATCP also did not provide us with documentation verifying that all review activities were completed for meat processor infrastructure grant proposals.

DATCP's grant policies and procedures indicated that grant determinations were based on grant scoring criteria as well as grant proposal score ranks, comments, and knowledge from grant proposal reviewers. We found that DATCP did not sufficiently document its justifications for the amounts it awarded to dairy processor grant proposals or meat processor infrastructure grant proposals.

DATCP's grant policies and procedures required a conflict-of-interest policy to be signed by each grant proposal reviewer. However, we found that DATCP did not obtain signed conflict-of-interest policies from grant reviewers.

DATCP's FY 2024-25 requests for grant proposals required that grant proposers not be a DATCP employee or a parent, sibling, spouse, or child of a DATCP employee. However, DATCP's grant policies and procedures did not include similar requirements. Although DATCP indicated that such information was obtained informally through discussions with grant proposers, we found that DATCP did not conduct such assessments and, therefore, had no documentation to indicate whether this requirement had been satisfied.

Grant Awards

DATCP is required by s. ATCP 163.03 (1), Wis. Adm. Code to evaluate grant proposals and announce grants within 90 days of the deadline to submit grant proposals as identified within the request for grant proposals. We found that DATCP did not announce grants within 90 days for five of its past six dairy processor grant rounds and for three of its past four meat processor infrastructure grant rounds.

To be eligible for funding, DATCP's FY 2024-25 Meat Processor Infrastructure Grant program request for grant proposals indicated that grant proposers must operate a meat processing facility licensed by DATCP or the United States Department of Agriculture. We found that for one meat processor infrastructure grant proposal that DATCP received in FY 2024-25, grant proposal reviewers recommended the proposal for funding despite the grant proposer not having such a license. DATCP subsequently awarded the grant proposer a $20,000 meat processor infrastructure grant. We also found that one of the grant recipients with a meat processor infrastructure grant that ended in FY 2024-25 did not have a license at any point during its performance period, despite its grant agreement requiring that it have and maintain such a license during its performance period.

We identified active stage concerns related to monitoring, reports, and reimbursements

Monitoring

DATCP's grant policies and procedures required a monitoring plan to be created for the Dairy Processor Grant program and the Meat Processor Infrastructure Grant program. Monitoring plans were required to include monitoring procedures applicable to all grant recipients, assess compliance with reimbursement requirements, and assess compliance with statutory requirements. We found that DATCP had not created a monitoring plan for the Dairy Processor Grant program or the Meat Processor Infrastructure Grant program at the time of our audit fieldwork.

DATCP's grant policies and procedures required program staff to assess the risk level of all grant recipients. We found that DATCP did not verify information grant recipients reported to it in risk surveys. Although DATCP's grant policies and procedures indicated the risk assessment for grant recipients would be evaluated and reevaluated as necessary to inform monitoring activities, DATCP indicated it only completed risk assessments at the time of grant agreement execution.

DATCP's grant policies and procedures required DATCP to complete site visits for a random sample of 10.0 percent or less of high-risk grant recipients. Program staff were required to document in a site visit report the date of the site visit, the issues reviewed, and the grant recipient's plan to resolve issues. In addition, DATCP's site visit report required program staff to record a list of expenses to be reviewed and photo evidence or other documentation obtained during the site visit. We found that DATCP's site visit documentation did not contain all information required.

Reports

DATCP's grant agreements for the Dairy Processor Grant program and the Meat Processor Infrastructure Grant program specified that grant recipients may be required to return all previously disbursed funds to DATCP and may be removed from future funding opportunities if they did not submit reports on time or submitted incomplete reports. We found that dairy processor grant recipients and meat processor infrastructure grant recipients did not consistently submit semiannual performance reports to DATCP in accordance with their grant agreements.

Reimbursements

Beginning in FY 2022-23, DATCP's dairy processor grant agreements required grant recipients to submit at least two but no more than four reimbursement requests each year of the performance period. This requirement was included in the grant agreements for 15 of the 21 dairy processor grants that ended in FY 2024-25. Although 12 of these 15 grant recipients did not submit the required number of reimbursement requests in each year of their performance period, DATCP paid reimbursement requests despite this grant agreement requirement not being met.

We identified closeout stage concerns related to project completion and program outcomes

Project Completion

DATCP's dairy processor grant agreements required final performance reports to be submitted to DATCP no more than 60 days after the project completion date. We reviewed the final performance reporting documentation for the 21 dairy processor grants that ended in FY 2024-25. We found that 13 of the 21 grant recipients submitted final performance reports that did not contain all required information.

Grant agreements required grant recipients to submit their final reimbursement requests within 60 days after the end of the performance period in order to receive payment. We found that DATCP paid one dairy processor grant recipient following a single reimbursement request that was submitted 341 days after the end of the performance period specified in its grant agreement.

Grant agreements for each of the 21 dairy processor grants that ended in FY 2024-25 required DATCP to withhold a final payment of 20.0 percent of the grant recipient's total grant pending receipt of both a final reimbursement request and final report. We found that DATCP paid more than 20.0 percent of the total grants as a final payment for 17 of the 21 dairy processor grants. Grant agreements for each of the 17 meat processor infrastructure grants that ended in FY 2024-25 required DATCP to withhold a final payment of 25.0 percent of the grant recipient's total grant pending receipt of both a final reimbursement request and final report. We found that DATCP paid more than 25.0 percent of the total grants as a final payment for 14 of the 17 meat processor infrastructure grants.

Program Outcomes

DATCP's dairy processor grant agreements and meat processor infrastructure grant agreements permitted DATCP to conduct follow-up surveys of grant recipients after grants had ended in order to assess the long-term impacts of the program. DATCP indicated it had not conducted follow-up surveys for the Dairy Processor Grant program or the Meat Processor Infrastructure Grant program at the time of our audit fieldwork. In addition, DATCP did not complete written assessments or publicly report on the extent to which the two grant programs achieved program goals.

We make 23 recommendations to DATCP for improvements

Please see the complete list of our recommendations on our website.