

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of Wildlife and Fisheries  
State of Louisiana  
Baton Rouge, Louisiana

June 26, 2002



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***

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**LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

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**DEPARTMENT OF WILDLIFE AND FISHERIES  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

Procedural Report  
Dated May 29, 2002

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

June 26, 2002



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

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May 29, 2002

**DEPARTMENT OF WILDLIFE AND FISHERIES**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Wildlife and Fisheries. Our procedures included (1) a review of the department's internal control; (2) tests of financial transactions for the years ending June 30, 2002, and June 30, 2001; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 2002, and June 30, 2001; and (4) a review of compliance with prior year report recommendations. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and selected department personnel and evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

The Annual Fiscal Reports of the Department of Wildlife and Fisheries were not audited or reviewed by us, and, accordingly, we do not express an opinion on these reports. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

In our prior report on the Department of Wildlife and Fisheries dated May 22, 2000, we reported findings relating to untimely reimbursement of federal program expenditures, improper federal payroll expenditures, untimely federal financial reporting, movable property, civil penalties, bank reconciliations, revenue controls, inventory controls, and electronic data processing. The findings relating to untimely federal reimbursement, federal payroll expenditures, federal financial reporting, civil penalties, and bank reconciliations have been resolved by management. The findings relating to movable property, revenue controls, inventory controls, and electronic data processing are addressed again in this report.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

**Theft of Funds**

The Louisiana Department of Wildlife and Fisheries (LDWF) did not provide adequate internal control over purchasing and, as a result, a theft of funds occurred. Adequate internal control over purchases would include procedures to ensure that all purchases are approved by an appropriate supervisor before those purchases are made. However, department procedures allowed senior officials to make purchases of less than \$500 without subsequent review and approval by their supervisors.

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DEPARTMENT OF WILDLIFE AND FISHERIES

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Procedural Report, Dated May 29, 2002

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In November 2000, an internal audit conducted by LDWF revealed \$119,932 in questionable purchases made by a senior official of the department. Of that amount, \$79,713 was charged to federal programs as follows:

|          |              |  |
|----------|--------------|--|
| \$52,540 | CFDA 15.605  | Sport Fish Restoration   |
| \$15,952 | CFDA 15.F-95 | Sport Fish Habitat Management and Enhancement                        |
| \$11,221 | CFDA 15.F-82 | Dire Emergency Appropriation Fund - Fisheries<br>Habitat Restoration |

Following the discovery, LDWF contacted appropriate law enforcement officials who then conducted a criminal investigation. Although the investigation revealed that the thefts occurred over several years and involved the collusion of a private vendor, the total amount of stolen funds was never accurately determined. The investigation resulted in the termination of the employee, restitution payments of \$36,382 to LDWF, and restitution of \$40,000 to the federal government. The employee in question was sentenced to 18 months imprisonment.

LDWF subsequently implemented a new purchasing policy that abolished single signature authority for senior officials. All purchases must now have at least two signatures before the payment process can begin.

LDWF should continue to monitor its internal control over purchasing to prevent future thefts of federal or state funds. Management concurred with the finding and noted that corrective action has already been implemented (see Appendix A, page 1).

**Federal Funds Expended on Defective Fish Hatchery**

LDWF expended \$12,454,421 of federal funds received from the Dire Emergency Appropriation Fund (CFDA 15.F-80) to design and construct the Booker Fowler Fish Hatchery. This hatchery was completed in 1996 but has never operated at its intended capacity because of alleged design and construction defects. Office of Management and Budget (OMB) Circular A-87 requires that costs be reasonable and necessary to be allowable expenditures under a federal program. It is neither reasonable nor necessary to expend federal moneys to build and occupy a facility that fails to significantly meet the requirements of the building contract. Therefore, the federal funds expended represent questioned costs.

The Booker Fowler Fish Hatchery was intended to be a warm water fish hatchery that would produce 85 million fish fingerlings over a 10-year period. However, structural and mechanical problems have plagued the facility since inception and by July 2001, approximately five years after the completion of construction, only seven of the 73 ponds constructed remain fully operational. As a result, LDWF has only limited use of the hatchery and has been able to produce only a fraction of the fish fingerlings

**DEPARTMENT OF WILDLIFE AND FISHERIES  
STATE OF LOUISIANA**

Procedural Report, Dated May 29, 2002

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originally anticipated. Because federal funds were used to build a hatchery that cannot operate as it was intended, LDWF may be subject to federal sanctions, including the repayment of federally funded expenditures.

On July 23, 2001, the State of Louisiana filed suit against the designer, the construction contractor, the inspection contractor, a subcontractor supplying pond liners, and the insurance companies of the other defendants to obtain satisfaction in this matter. LDWF should continue in its efforts to resolve this matter and correct the deficiencies in the Booker Fowler Fish Hatchery. LDWF should communicate with the federal grantor to resolve the questioned costs. LDWF management concurred in part with the finding. Management stated, in part, that beyond specifying the number of ponds and intended capacity, LDWF had no role in the design, construction, or inspection of the hatchery facility. Management further stated that it has informed the U.S. Fish and Wildlife Service of problems at the hatchery and the Service has requested that it be kept informed as to the progress of the litigation noted above (see Appendix A, pages 2-4).

**Failure to Update and Reconcile  
Movable Property Records**

For the fourth consecutive audit, LDWF did not comply with the state's movable property laws and regulations. The department did not notify the Louisiana Property Assistance Agency (LPAA) of acquisitions within 45 days after receipt and did not reconcile movable property acquisitions recorded in the accounting records to additions recorded in LPAA. State property control regulations, as defined in the Louisiana Administrative Code 34:VII.307, require all acquisitions of qualified property to be tagged and pertinent inventory information sent to the LPAA within 45 days after receipt of the property. Furthermore, adequate internal control should include a timely reconciliation between *general ledger acquisitions and additions reported to LPAA*.

A total of 613 acquisitions were reported to LPAA between July 1, 2000, and October 31, 2001. Of these 613 items, we selected 128 items that appeared to have problems. Of these 128 items, 67 items totaling \$309,891 were not tagged and added to the inventory system until 50 to 523 days after receipt of the property. Furthermore, one of eight items tested for valuation was overvalued by \$248. Errors of this type could be detected if the department performed a reconciliation between purchases recorded in the accounting system and additions to the LPAA master listing.

These errors occurred because the department does not have sufficient controls to ensure that movable property regulations are followed. Failure to update and reconcile movable property records in a timely manner could result in loss or theft of state property and/or sanctions by the commissioner of administration.

**DEPARTMENT OF WILDLIFE AND FISHERIES  
STATE OF LOUISIANA**

Procedural Report, Dated May 29, 2002

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LDWF should implement adequate internal control to ensure compliance with the state's movable property laws and regulations that require tagging within 45 days after receipt. The department should also reconcile its accounting records to the LPAA system records. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 5-6).

**Inadequate Controls Over Revenue Collection**

For the fourth consecutive audit, LDWF did not establish adequate controls over the collection, deposit, and reconciliation of revenue. Article 7, Section 9 of the 1974 Louisiana Constitution requires that all money received by a state agency be deposited immediately upon receipt in the state treasury. Good internal control requires procedures to ensure that (1) sufficient documentation is maintained to verify completeness and timeliness of collections; (2) funds are deposited upon receipt; and (3) deposits are reconciled to accounting records. Good internal control also requires written procedures to ensure proper collection, deposit, classification, and reconciliation of revenue. Weaknesses were noted as follows:

- The Motorboat Registration and Commercial Licensing Section and the Circulation Section did not maintain adequate documentation to verify completeness of deposits.
- Revenue collected by the Circulation Section is held for a minimum of five days before being deposited in batches of 50 or 100 items. The Motorboat Registration and Commercial Licensing Section did not provide adequate documentation to determine timeliness of deposits.
- Seasonal revenues collected by the seven regional offices are forwarded to the Baton Rouge accounts receivable office for deposit and classification. Bank accounts have not been established to ensure the prompt deposit of revenue.
- Reconciliations of bank deposits to accounting records are not performed for revenues associated with alligator harvesting.

No written procedures exist for revenue collection of sports licensing and various revenues collected at the regional offices.

These conditions occurred because management has not placed adequate emphasis on internal control over revenues. Management of the department should establish and implement procedures to ensure the completeness of collections, timeliness of deposits, and reconciliation of revenue. Management should also develop and implement written policies and procedures addressing all areas of revenue collection. Management does

**DEPARTMENT OF WILDLIFE AND FISHERIES**  
**STATE OF LOUISIANA**  
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not concur with the portion of the finding pertaining to Motorboat Registration and Commercial Licensing. Management stated that current policy requires that all funds be deposited on the date of receipt and therefore deposits do not always match items processed. Management believes that any transactions that failed to be processed would be reported to the department by the consumer. Management commented that the various regional offices were not intended to be full-service facilities but agreed to strengthen controls in these offices. Management concurred with the remaining items in the finding and prepared corrective action plans (see Appendix A, pages 7-9).

**Additional Comments:** Current procedures for the Motorboat Registration and Commercial Licensing Section do not require that incoming checks be logged in before being distributed to processors nor is a reconciliation made between items processed and the amount of funds deposited. Without these procedures, management cannot be certain that registrations/licenses were not issued without the proper payment being deposited. We continue to recommend that the department institute procedures that will ensure that all funds received are deposited and that transactions are not processed without payment first being received.

**Inadequate Inventory Control Procedures**

For the fourth consecutive audit, LDWF did not have adequate internal control over inventory. *Adequate internal control for inventory requires a system to properly account for the receipt, issuance, valuation, and disposition of inventory items.*

A test of 26 consumable supply items maintained in the Administrative Services Division disclosed the following:

- The physical count of 19 items (73%) did not agree with the quantity reported in the inventory records.
- Six items (23%) were incorrectly priced.

A test of 10 items maintained for resale by the Public Information Division disclosed the following:

- The physical count of six items (60%) did not agree with the quantity reported in the inventory records.
- No unit costs were recorded for six items (60%).
- Fifteen units of one item were shipped to a bookstore for resale. These items were not deducted from the inventory although 49 days had elapsed since the shipment.



**DEPARTMENT OF WILDLIFE AND FISHERIES  
STATE OF LOUISIANA**

Procedural Report, Dated May 29, 2002

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- Fifteen units of one item were sold between January 1, 2001, and January 22, 2002; however, the items were not deducted from the inventory records.

These errors occurred because the department has not sufficiently emphasized the need to maintain the inventory records accurately. Without adequate internal control over inventories, there is an increased risk that inventory could be lost or stolen and not detected in a timely manner. Furthermore, the risk is increased that the department's financial statements will be inaccurate.

LDWF should establish procedures to ensure that inventory records are properly maintained to account for the receipt, issuance, valuation, and disposition of inventory. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 10-11).

**Deficiencies in Electronic Data Processing**

LDWF has not established adequate electronic data processing controls for recording the actual receipt date of disbursements processed through the Advanced Governmental Purchasing System (AGPS) and for removing terminated employees from both the AGPS and the Advantage Financial System (AFS) in a timely manner. Adequate internal control requires that actual receipt dates be recorded to accurately reflect the receipt of goods and services in the accounting records and to establish payables at the end of the year. Furthermore, adequate internal control requires that an employee's computer access capabilities be removed the same day that the employee terminates employment. We found that it is the department's policy to record the invoice date as the receipt date for all purchases except low dollar order regardless of the date the purchases were actually received. In addition, the department's policy regarding removal of access rights to the AGPS and AFS requires removal of those rights on a monthly basis rather than immediately upon termination.

These conditions exist because management has not placed sufficient emphasis on formulating appropriate policies. Failure to accurately enter the receipt date of goods and services could result in significant under or over statement of payables at year-end. Failure to promptly remove the computer access rights of terminated individuals could result in a misappropriation of public funds.

LDWF should implement adequate internal control to ensure that actual receipt dates are recorded for all disbursements and to ensure that computer access rights of terminated employees are promptly removed. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 12-13).

LEGISLATIVE AUDITOR

DEPARTMENT OF WILDLIFE AND FISHERIES  
STATE OF LOUISIANA

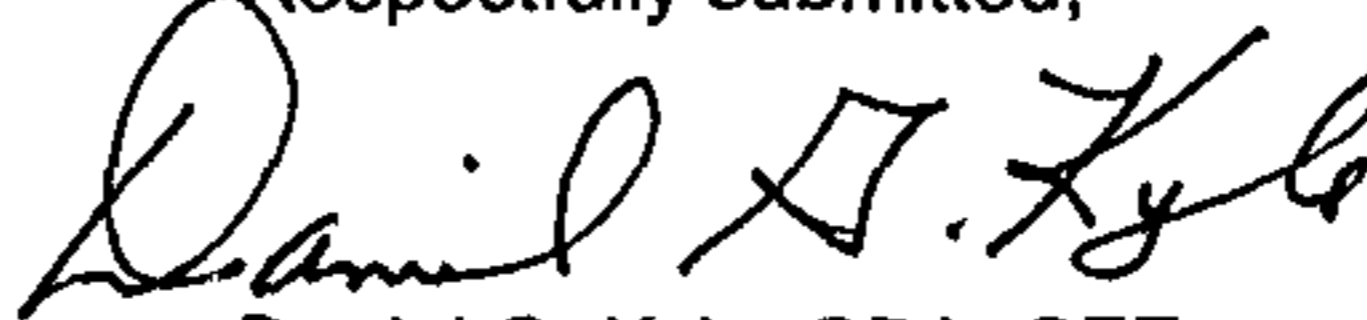
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The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the department. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the department should be considered in reaching decisions on courses of action. Findings relating to the department's compliance with applicable laws and regulations should be addressed immediately by management.

This report is intended for the information and use of the department and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive, flowing style.

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

BDC:MWB:PEP:ss

[WLF02]

## Appendix A

# Management's Corrective Action Plans and Responses to the Findings and Recommendations

# State of Louisiana



James H. Jenkins, Jr.  
Secretary

Department of Wildlife & Fisheries  
Post Office Box 98000  
Baton Rouge, LA 70898-9000  
(225) 765-2800

M.J. "Mike" Foster, Jr.  
Governor

March 19, 2002

Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
P. O. Box 94397  
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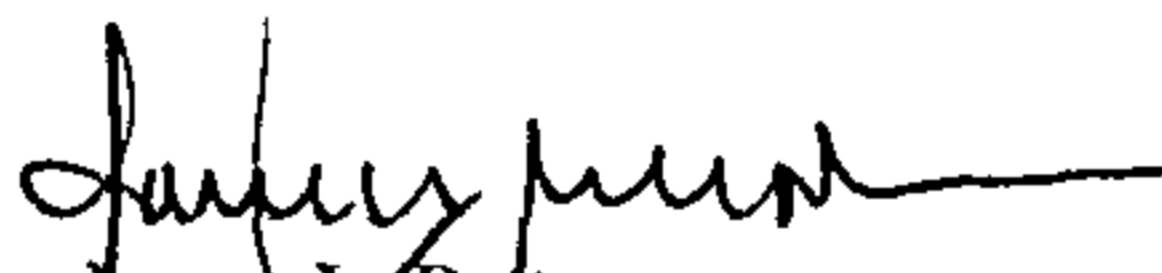
Ref: Response to Reportable Audit Finding

Dear Dr. Kyle:

In reference to Ms. Margaret Bumm's letter dated February 22, 2002, the following is our official response to the audit finding entitled "Theft of Funds":

We concur with this finding. As noted in the finding, corrective action has already been implemented through a change in policy regarding approval signatures for purchases.

Sincerely,

  
James L. Patton  
Undersecretary

# State of Louisiana



James H. Jenkins, Jr.  
Secretary

Department of Wildlife & Fisheries  
Post Office Box 98000  
Baton Rouge, LA 70898-9000  
(504)765-2800

M.J. "Mike" Foster, Jr.  
Governor

April 19<sup>th</sup>, 2002

Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Ref: Response to Reportable Audit Finding

Dear Dr. Kyle:

The following is our response to the audit finding entitled "**Federal Funds Expended on Defective Fish Hatchery**":

The Department concurs that, beginning in the inaugural year of the Booker Fowler hatchery in 1997, we have not been able to operate the facility at the intended capacity. **It is important to note that the federal funds received were in fact spent for the stipulated purpose, namely the construction of a warm water fish hatchery. That certain deficiencies exist which prevent it from being operated at its intended capacity is the result of third party fault and is not attributable to this Department. Beyond specifying the number of ponds, and intended capacity, we had no role in the design, construction or inspection of the facility.** Many of the problems did not manifest themselves immediately, and we worked with the Office of Facility Planning and Control, the designer and the contractor for some time after start-up, attempting to remedy the defects. Further, our employees have made extraordinary efforts to unilaterally address many of these defects in an effort to maximize capacity to the greatest extent possible. It was only after repeated efforts to address these problems failed to bring the facility up to its desired capacity that it became obvious that litigation was the only remaining avenue available to the State to make the hatchery what it should be.

New hatcheries often require a period of development before full output can be realized. The staff at the Booker Fowler hatchery had to master new techniques, as this was our first attempt at spawning and raising fish in tanks and raceways rather than ponds. The construction of the hatchery increased the Department's hatchery facilities from 55 to 117 acres, so an early task was to produce a sufficient number of largemouth bass brood-fish

to support a much larger program. The hatchery reached full capacity of brood-fish in 2001.

Problems arose during the first year of operation of the Booker Fowler hatchery. However, the consensus at the time was that the contractors would correct the deficiencies. That year, we tried to use all rearing ponds necessary for the fry produced. As new problems were encountered, the appropriate parties were notified and attempts were made to find solutions. In some instances, the problems were fixed, such as repairs to diesel generators, canal gates, electrical problems and liner seams. In other cases, problems were addressed, but not fixed. These included water and air trapped beneath the liners, liners pulling away from the concrete kettles and erosion by kettle stairs and around the settling ponds. Attempts by contractors to correct these problems included adding additional liner material to some of the ponds, reattaching the liners to kettles using a different method, backfilling under the stairs and burying liner material between the stairs and kettle, and reshaping the banks of the settling pond and reseeding. On occasion our employees conducted testing and made repairs themselves. Over time new problems arose, and the number of ponds that could not be used increased (in the spring of 2002, 16 of 55 rearing ponds could be used one time, and 6 could be used multiple times). Eventually it became apparent that the problems with the liners and water under the liners were not understood. A consultant was hired to determine the causes and recommend repairs. Unfortunately, the consultant's final report did not answer all of our questions and did not offer repair solutions for every problem.

Despite the problems with the rearing ponds, the Department has continually produced fingerlings at the Booker Fowler hatchery. In the first year, 666,000 fingerlings were raised, with production peaking at 4,000,000 fingerlings in 2000. To date, we have produced over 13,000,000 fingerlings at the hatchery. We are able to produce fry at capacity, and out-sourcing to grow-out ponds was responsible for the production of 1,000,000 additional fingerlings in 2001.

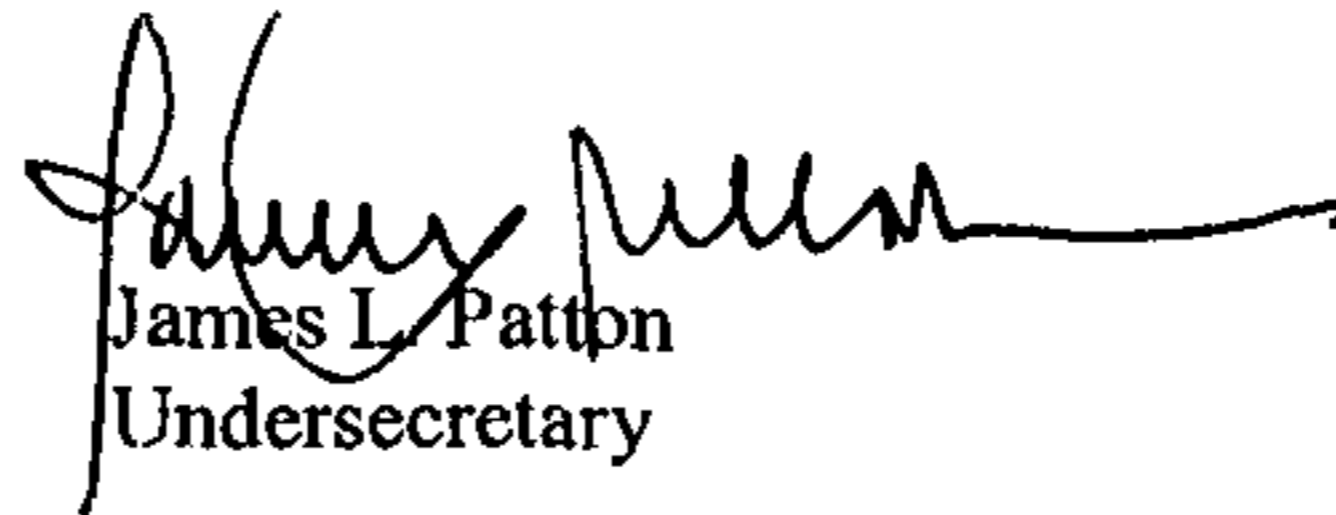
Other planned components of the Booker Fowler hatchery have been very successful. One is the visitor's center. Thousands of persons have traveled to the hatchery, many of them children on organized school field trips. Visitors often get to observe the spawning of fish, hatching of eggs and feeding of fry. Also, the hatchery was planned to serve as the headquarters base of the Department's entire hatchery program, and the offices and laboratory space built for that purpose are functioning as intended.

The Dire Emergency Funds used for this project were appropriated by the Congress of the United States and administered by the U.S. Fish and Wildlife Service. The Department has informed the Service of problems at the hatchery. When the current Federal Aid coordinator accepted his position in June 1999, the Service was aware of the problems that had arisen up to that time. The Service has an interest in having the hatchery operate at its potential, both from a resource management standpoint and from a standpoint of effectively managing Federal funds. The Service has requested that it be kept informed as to the progress of the litigation. We are complying.

For many years, the Department has been open and forthcoming about our disappointment with the quality of the Booker Fowler hatchery facility. We have discussed this with the news media, at a meeting of the Wildlife & Fisheries Commission, at meetings of fishing clubs and even at public meetings around the state.

The State of Louisiana, through the Department of Wildlife and Fisheries and the Office of Facility Planning and Control, has been working with the designer and contractors to remedy the problems at Booker Fowler hatchery. The lawsuit filed in July 2001 is the latest effort of the State to have the problems resolved. We will continue to pursue whatever means are available to have the hatchery become fully functional, and we will use the hatchery to the best of our ability to produce fry and fingerlings for stocking into Louisiana's public water bodies.

Sincerely,



James L. Patton  
Undersecretary

# State of Louisiana



James H. Jenkins, Jr.  
Secretary

Department of Wildlife & Fisheries  
Post Office Box 98000  
Baton Rouge, LA 70898-9000  
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March 19, 2002

Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
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Baton Rouge, LA 70804-9397

Ref: Response to Reportable Audit Finding

Dear Dr. Kyle:

In reference to Ms. Margaret W. Bumm's letter dated February 22, 2002, the following is our official response to the audit finding entitled "**Failure to Update and Reconcile Movable Property Records**":

The Department concurs with this finding.

Control procedures already in place include: 1) Annually the Department conducts in-service training for employees whose duties include responsibilities for reporting and tagging acquisitions, 2) the Purchasing Section provides copies of purchase orders for all acquisitions to the Property Manager to compare to acquisition records received from various programs, and 3) instances of noncompliance with the 45-day rule are reported to program administrators.


Additional efforts to improve internal controls in this area will include implementation of a system for reconciling Louisiana Property Assistance Agency (LPAA) records to the accounting records (AFS) for new acquisitions of movable, tag-required property. Since the data in LPAA were not suitable to perform this reconciliation, a database using Access software has been developed. We plan to populate this database with manually-entered information from acquisition purchase orders and data imported from diskettes from LPAA. These records will then be reconciled to acquisitions in AFS using Infomaker reports.



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Dr. Daniel G. Kyle  
March 19, 2002

The persons who are responsible for accomplishment of this corrective action are Wynnette Kees, Fiscal Officer, and Gail Allato, Property Manager. The anticipated completion date is July 1, 2002.

Sincerely,



James L. Patton  
Undersecretary

# State of Louisiana



James H. Jenkins, Jr.  
Secretary

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March 18, 2002

Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Ref: Response to Reportable Audit Finding

Dear Dr. Kyle:

In reference to Ms. Margaret Bumm's letter dated February 22, 2002, the following is our official response to the audit finding entitled "**Inadequate Control Over Revenue Collection**":

This finding covered a number of separate issues related to revenue; each of these is addressed individually as follows.

**Lack of written procedures for collection of sports license revenue**

At the time of the audit, these procedures were in draft form. Effective March 12, 2002, the procedures are complete and final. The person responsible for this is Janis Landry, License and Boat Registration Manager.

**Relative to revenues collected at statewide regional offices (not including Baton Rouge and New Orleans) - Lack of written procedures; lack of regional bank accounts; and absence of reconciliation to accounting records**

The Department's business model provides two full-service locations – Baton Rouge and New Orleans. The Department has sixteen other year-round facilities in the state, which serve as bases of operation for particular purposes. None of these locations were intended to be full-service local offices where the public can transact business with the Department. Nevertheless, as a convenience to the public, the practice of collecting

Page 2  
Dr. Daniel G. Kyle  
March 18, 2002

certain revenues has become established at some of these facilities. While these collections comprise a small percentage of total revenue collected by the Department, we agree that internal controls over these collections should be improved.

The Department will establish written procedures, require reconciliations and establish regional bank accounts for deposit of those revenues collected locally. In any circumstance where this proves to be unworkable, the Department will discontinue revenue collection at that location and ask the public to remit the funds to Baton Rouge.

Preliminary work on a comprehensive cash management policy was begun last year, and we expect it to be completed by December 31, 2002. The person responsible for this corrective action is Wynnette Kees, Fiscal Officer.

Relative to revenues collected by the Circulation Section - inadequate documentation for deposits and not depositing daily

We concur with this finding. Deposits of over-the-counter sales and mail-in orders are made three to five times a week depending upon the amount of collections (which ranges from \$32 to several thousand dollars per day) and as time allows. This section has only one full-time employee and a student worker.

The Department plans to contract out for a subscription fulfillment service, and we anticipate this will be in place by July, 2002. The person responsible for corrective action is Marianne Burke, Public Information Director.

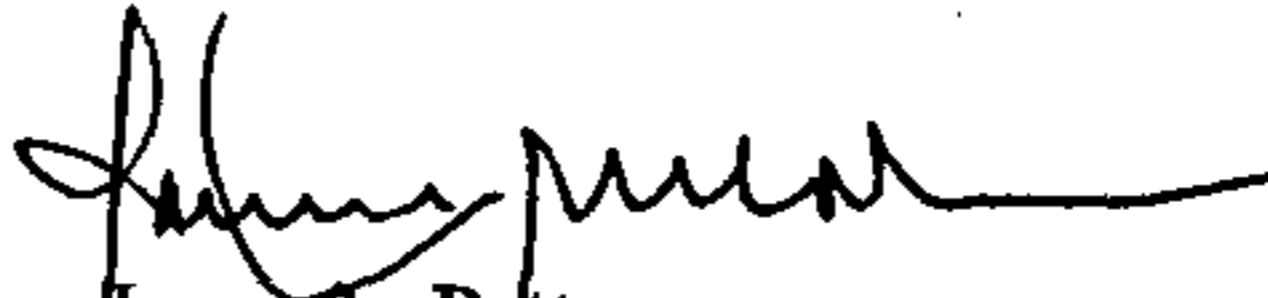
Relative to revenues collected for commercial licenses and motorboat registrations – inadequate documentation for deposits

We do not concur with this finding. The controls and practices currently in place ensure timely deposit of funds and provide good customer service. This section processes more than 80,000 commercial licenses and more than 130,000 boat transactions per year (both by mail and “over the counter”). A well-structured system of handling such a volume is essential to timely and efficient processing, and we believe such a system exists and is adequate relative to documentation for completeness and timeliness.

Current procedure requires that all funds received be deposited on the day of receipt. Frequently this requires that a payment be deposited before the service request is fulfilled. Therefore, payments deposited will not match items processed on any given day. Documentation of items deposited would require photocopying hundreds of checks every day, a time-consuming task that would take available staff away from the accomplishment of a Performance Objective of the program: prompt fulfillment.

Commercial licensing and motorboat registrations are both 'business to consumer' systems and are 'closed-loop' business processes. The consumer expects to receive his documents and or decals at the conclusion of each transaction. All unfulfilled transactions will be reported to the Department by the consumer.

Sincerely,



James L. Patton  
Undersecretary

# State of Louisiana



James H. Jenkins, Jr.  
Secretary

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March 19, 2002

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Ref: Response to Reportable Audit Finding

Dear Dr. Kyle:

In reference to Ms. Margaret Bumm's letter dated February 22, 2002, the following is our official response to the audit finding entitled "**Inadequate Inventory Control Procedures**":

The Department concurs with this finding.

Regarding the inventory of consumable office supplies managed by the Administrative Services Section – The Department will improve control over inventory record-keeping by limiting access to the inventory and by simplifying the stock. The former has already been implemented, and the latter will be implemented by July, 2002. We are also investigating the feasibility of eliminating the central inventory of office supplies. The person responsible for this corrective action is Charlotte Naquin, Purchasing Director.

Regarding the inventory of items for resale maintained by the Public Information Section – The Department will improve record-keeping of these inventory items by:

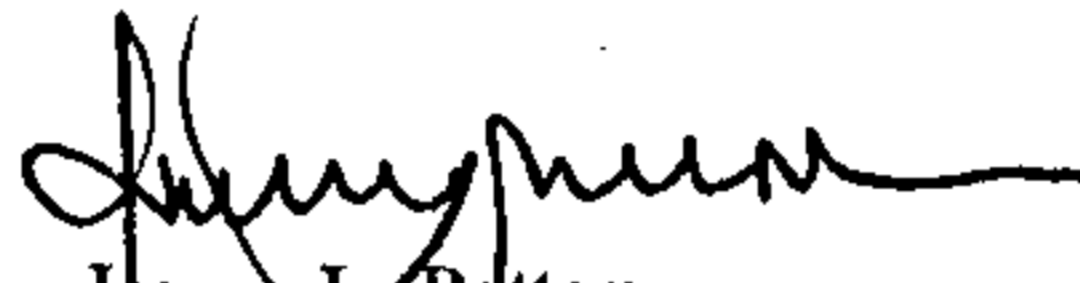
- Moving all inventory to one central location;
- Determining the correct method of assigning inventory value to older items for which the actual cost is unknown;

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- Deducting items distributed to vendors for resale immediately upon shipment; and
- Ensuring the software application correctly records individual and "set" reductions of inventory.

The anticipated completion date for these corrective actions is June 30, 2002. The person responsible for implementation is Linda Allen, Circulation Manager.

Sincerely,



James L. Patton  
Undersecretary

# State of Louisiana



James H. Jenkins, Jr.  
Secretary

Department of Wildlife & Fisheries  
Post Office Box 98000  
Baton Rouge, LA 70898-9000  
(225) 765-2800

M.J. "Mike" Foster, Jr.  
Governor

March 19, 2002

Dr. Daniel G. Kyle, CPA, CFE  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Ref: Response to Reportable Audit Finding

Dear Dr. Kyle:

In reference to Ms. Margaret W. Bumm's letter dated February 22, 2002, the following is our official response to the audit finding entitled **"Deficiencies in Electronic Data Processing"**:

The Department concurs with this finding.

Regarding the issue of removing terminated employees from the statewide accounting systems in a timely manner, the Department will initiate procedures to delete user access for those employees on a daily basis rather than biweekly as has been the practice. Reports generated from the ISIS-HR system will be run and distributed to the Department's two ISIS Security Administrators daily so that deletions can be submitted immediately upon an employee termination or change of duties. The persons responsible for these duties and this corrective action are Wynnette Kees, Fiscal Officer, Tim Gilmore, Human Resources Manager, and Charlotte Naquin, Purchasing Director. The anticipated completion date is April 1, 2002.

Regarding the issue of recording the actual receipt date of goods and services into AGPS, a clarification/change in procedures has already been implemented. The Department did not have a policy that directed the use of the invoice date as the receipt date; rather, one employee, who was interviewed by the auditor, did not have a clear

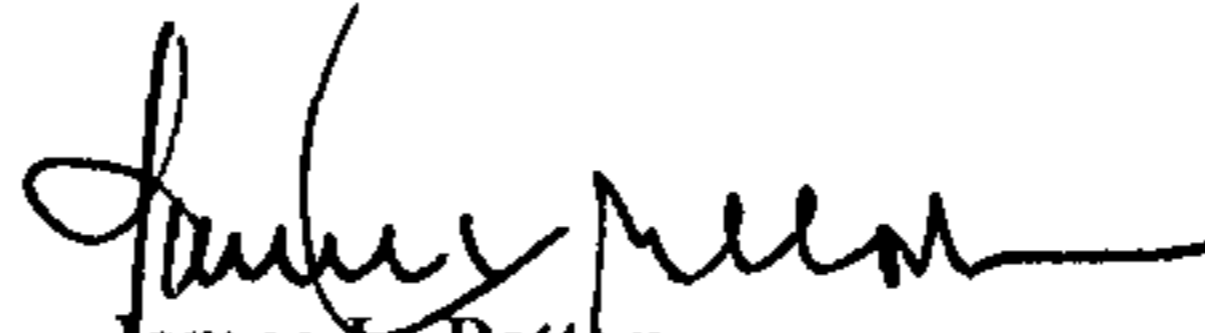
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understanding of established procedures. All users of AGPS, both purchasing staff in the field and accounting staff, have been instructed to record the proper and actual date of receipt of the goods and services for every order entered into the system. The persons responsible for this corrective action are Wynnette Kees, Fiscal Officer, and Charlotte Naquin, Purchasing Director.

Sincerely,



James L. Patton  
Undersecretary