

DEPARTMENT OF CULTURE,  
RECREATION AND TOURISM  
STATE OF LOUISIANA



PROCEDURAL REPORT  
ISSUED DECEMBER 3, 2008

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of \$15.48. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at [www.la.la.gov](http://www.la.la.gov). When contacting the office, you may refer to Agency ID No. 3365 or Report ID No. 80080023 for additional information.

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LOUISIANA LEGISLATIVE AUDITOR  
STEVE J. THERIOT, CPA

October 27, 2008

**DEPARTMENT OF CULTURE,  
RECREATION AND TOURISM  
STATE OF LOUISIANA**  
Baton Rouge, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Culture, Recreation and Tourism (CRT) for the period from July 1, 2006, through June 30, 2008. Our procedures included (1) a review of the department's internal controls; (2) tests of financial transactions; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities; 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 departmental 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 CRT 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 opinions.

In our prior report on CRT, dated July 24, 2006, we reported a finding relating to a lack of controls over museum artifacts loaned to the state for exhibition. The finding has not been resolved and is 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.

**Lack of Controls Over Museum Artifacts  
Loaned to the State for Exhibition**

For the second consecutive engagement, CRT has not performed a periodic inventory of the museum artifacts that have been loaned to the department for exhibition nor has the department maintained a comprehensive inventory listing of these loaned artifacts. In addition, the department has not maintained loan agreements for all loaned artifacts. An artifact is loaned to the department through an executed loan agreement, which identifies the artifact, the loan period, and the artifact's fair market value. Good internal control procedures require that property entrusted to the state for exhibition be inventoried to ensure it is adequately safeguarded against losses from theft or damage.

The department estimates that it has approximately 2,700 loan agreements dating back to 1906. We examined 33 loaned artifacts selected from the inventory lists and from items on display. The value for eight artifacts totaled \$1,070,576; the value for the 25 remaining artifacts is not known. Our tests disclosed the following:

- The inventory listing did not include 18 of 33 (55%) loaned artifacts. Of the remaining 15 artifacts on the inventory listing, the status was not properly updated for 14 (93%) to indicate if the items were on display, in the warehouse, or returned to their respective owners. We obtained evidence that four of the 14 artifacts were returned to their respective owners.
- Loan agreements were not on file for 19 of 33 (58%) loaned artifacts. Of the remaining 14 artifacts, loan agreements for seven (50%) had expired.

Failure to maintain an accurate inventory of loaned artifacts, including the accurate status of those items, and failure to maintain loan agreements for all items on loan increase the risk that losses resulting from theft or damage could occur and remain undetected.

Management of the department should inventory all artifacts currently on loan; perform regular, periodic physical inventories of loaned artifacts; maintain a comprehensive, current inventory listing to ensure accountability for the artifacts; and maintain loan agreements for all loaned artifacts. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A, pages 1-2).

**Inadequate Controls Over Allocation  
of Revenues to State Parks**

CRT has not established and maintained adequate controls over fees and self-generated revenues earned by state parks to ensure that the revenues are allocated to the respective state parks in accordance with Louisiana laws. Louisiana Revised Statute (R.S.) 56:1703 provides that the fees and self-generated revenues earned by the state parks be deposited into the Louisiana State Parks Improvement and Repair Fund. The monies in the fund shall be allocated to each state park as follows: 50% of the revenues generated by a specific state park to that specific state park and the remaining 50% for use throughout

the state park system. In addition, good internal controls require adequate procedures to ensure that revenues are specifically identified to the state parks at which the revenues are earned.

CRT contracts with a vendor for its reservation software application. During our test of state park revenues, we identified revenues totaling \$6,099,330 that were recorded in the vendor's reservation software application. Revenues for stays at the state parks recorded in the Integrated Statewide Information System, the state's accounting software application, totaled \$6,995,591. The difference of \$896,291 was not recorded in the vendor's software application and therefore not identified to a specific state park. CRT allocated the difference to the state parks based on an internally developed formula.

Management's failure to accurately record state parks' fees and self-generated revenues subjects CRT to noncompliance with Louisiana laws specifying how these revenues are to be allocated. CRT should ensure that internal controls in its reservation application are adequate to accurately record state park fees and self-generated revenues earned by the respective state parks to ensure compliance with Louisiana laws. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 3-4).

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. The finding relating to CRT's compliance with applicable laws and regulations should be addressed immediately by management.

This report is intended solely for the information and use of the department and its management, others within the entity, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

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CRT08

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



# State of Louisiana



MITCHELL J. LANDRIEU  
LIEUTENANT GOVERNOR

PAM BREAU  
SECRETARY

OFFICE OF THE LIEUTENANT GOVERNOR  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
OFFICE OF THE SECRETARY

September 29, 2008

Steve J. Theriot, CPA  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

In response to the notice of your reportable audit finding on controls over artifacts on loan to the state, we have reviewed the finding and submit the following management comments.

### **Lack of Controls Over Museum Artifacts Loaned to the State for Exhibition**

The department concurs with the audit finding which cites the Office of State Museum for not maintaining a comprehensive inventory of loaned artifacts.

As stated in our response to this audit finding in 2006, the reasons for the lack of such an inventory are complex, stretching back over the course of a century and involving evolving collection management practices, previous efforts to resolve the issue that were interrupted by budget and staff reductions, as well as the effects of Hurricane Katrina. Our previous response also noted that "Resolution of 100 years worth of loans to the Office of State Museum will be a complex and time consuming endeavor...It is estimated that a comprehensive physical inventory of all of the loans to the Office of State Museum would require the work of four full-time employees for two years, with one employee needed for an additional year in order to resolve title issues."

Following the receipt of this audit finding in 2006, we requested and were appropriated funding for four temporary curatorial employees to assist in the resolution of the loaned artifacts. Recruitment of a loan resolution staff began immediately upon receipt of the initial funding in July of 2007, and work began in October of 2007. One of the challenges we have experienced has been continued turnover in these positions. Because they are temporary in nature, it is difficult to retain qualified employees, who leave when permanent employment becomes available elsewhere. Additionally, funding for these

positions was only provided for fiscal year 2007-2008; these positions are not funded in the current fiscal year. Despite this reduction in funding, the Office of State Museum has made this project a priority and continues to fund this curatorial staff by generating savings in other areas throughout its budget.

Over the past year, a significant amount of work has been undertaken, and progress made, by the Office of State Museum in addressing the controls over museum artifacts loaned to the state. We have completed a number of phases of this project, including completing an inventory of all available documentation regarding loaned items, creating a database containing this information, researching Times-Picayune archives, Board Minutes, Biennial Reports and Master Files to obtain any available information regarding items on loan to OSM, digitizing the accession binders to create searchable files, publishing a legal notice in the Times-Picayune referencing over 300 objects and creating a website that mirrors this notice. Additionally, the Office of State Museum has secured the services of an attorney for legal counsel relating to its loan resolution efforts.

We continue to work diligently toward our goal of completing a comprehensive inventory of these loaned artifacts in order to track and safeguard these items.

If I can provide any further information prior to the issuance of your audit report, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Pam Breaux". The signature is written in a cursive, flowing style with a long, sweeping tail on the letter "x".

Pam Breaux  
Secretary

# State of Louisiana



MITCHELL J. LANDRIEU  
LIEUTENANT GOVERNOR

PAM BREAU  
SECRETARY

OFFICE OF THE LIEUTENANT GOVERNOR  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
OFFICE OF THE SECRETARY

September 22, 2008

Steve J. Theriot, CPA  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

In response to the notice of your reportable audit finding on controls over allocation of revenues to State Parks, we have reviewed the finding and submit the following management comments.

### **Inadequate Controls Over Allocation of Revenues to State Parks**

The department concurs with the audit finding which cites the Office of State Parks for not establishing and maintaining adequate controls over fees and self-generated revenues earned by state parks to ensure that the revenues are allocated to the respective state parks.

As stated in the finding, CRT contracts with a vendor for its reservation software application. We were aware that there have been challenges in properly allocating some of the revenue collected to the park for which it was collected, and addressing these challenges has been an ongoing effort. Revenue is collected from visitors to state parks at the parks themselves, online at the State Parks website and through the Centralized Park Reservation Center (Call Center). All revenue collected at the park locations was identified and properly classified to the appropriate park. However, despite repeated requests and negotiations, we were unable to get the vendor to supply us with reports that could match all revenue collected online and through the Call Center to the park for which it was collected. Therefore, at the end of the fiscal year, we allocated a pro-rata share of the unidentified revenue to each park based on the amount of identified revenue collected at each location.

As we discussed these issues with the vendor, we became aware that the vendor had moved to a new software system, (Outdoor Recreation Management Suite) ORMS, and

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the vast majority of its resources were being channeled into the operations of this system, rather than the Central Reservation System (CRS) that was being utilized by the Office of State Parks at the time. After many meetings and conference calls with the vendor regarding our requirements for the new system, during which we were assured that the new system would provide the needed information, we moved to the ORMS system in March of this year. Unfortunately, the vendor did not uphold its end of the agreement, and the reports we are getting are not providing the information as promised.

We are currently in the process of negotiating a new contract with this vendor. This new contract has been carefully worded to include much more detailed descriptions of the reporting requirements, and it will contain penalties, including one giving us the right to cancel the contract if the terms are not met. We are optimistic that the execution of this new contract will result in our ability to identify all costs to the park and therefore to meet the requirements of RS 56:1703.

If I can provide any further information prior to the issuance of your audit report, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Pam Breau". The signature is written in a cursive, flowing style.

Pam Breau  
Secretary

c: Desireé Honoré, Undersecretary  
Stuart Johnson, Asst. Secretary, Office of State Parks