

DEPARTMENT OF WILDLIFE AND FISHERIES  
STATE OF LOUISIANA



PROCEDURAL REPORT  
ISSUED OCTOBER 6, 2010

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

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**LEGISLATIVE AUDITOR**  
DARYL G. PURPERA, CPA, CFE

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Our procedures at the Louisiana Department of Wildlife and Fisheries (LDWF) for the period July 1, 2008, through June 30, 2010, disclosed:

- LDWF did not comply with federal and state equipment management regulations. LDWF did not tag and report equipment acquisitions as required, did not seek approval to dispose of nonfunctional equipment in a timely manner, and did not seek prior approval to dismantle equipment for other purposes.
- LDWF does not maintain verification that entities entering into covered transactions with LDWF are not suspended, debarred, or otherwise excluded from doing business with the federal government.
- The finding identified in the prior year report on LDWF, dated December 9, 2008, relating to inadequate controls over revenue collections has been resolved by management.
- No significant control deficiencies or noncompliance that would require reporting under Office of Management and Budget (OMB) Circular A-133 for the Unallied Management Projects (CFDA 11.454) federal program for the fiscal year ended June 30, 2009, were identified.
- No significant control deficiencies or noncompliance that would require reporting under OMB Circular A-133 for the federal Research and Development Grant Cluster for the fiscal year ended June 30, 2010, were identified.

This work did not constitute an audit under auditing standards; however, we did perform certain procedures related to compliance with federal laws and regulations in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133. This report is a public report and has been distributed to state officials. We appreciate the department's assistance in the successful completion of our work.

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

July 6, 2010

**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 Louisiana Department of Wildlife and Fisheries (LDWF) for the period from July 1, 2008, through June 30, 2010.

- Our auditors obtained and documented a basic understanding of LDWF's operations and system of internal controls, including internal controls over major federal award programs administered by the department, through inquiry, observation, and review of its policies and procedures documentation including a review of the related laws and regulations applicable to the department.
- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using LDWF's annual fiscal reports and/or system-generated reports and obtained explanations from department management of any significant variances.
- Our auditors reviewed the status of the finding identified in the prior year engagement. In our prior report on LDWF, dated December 9, 2008, we reported a finding relating to inadequate controls over revenue collection, which has been resolved by management.
- Based on the documentation of the department's controls and our understanding of related laws and regulations, additional procedures were performed on the department's movable property.
- Our auditors performed internal control and compliance testing in accordance with Office of Management and Budget (OMB) Circular A-133 on the Unallied Management Projects (CFDA 11.454) federal program for the fiscal year ended June 30, 2009, as a part of the Single Audit for the State of Louisiana.
- Our auditors performed internal control and compliance testing in accordance with OMB Circular A-133 on the federal Research and Development Cluster for the fiscal year ended June 30, 2010, as a part of the Single Audit for the State of Louisiana.

- Our auditors prepared Budgetary Comparison Schedules for LDWF for the fiscal year ended June 30, 2010, using the Annual Fiscal Reports of LDWF and additional data in the Integrated Statewide Information System (ISIS), the state's accounting system. These schedules are presented as additional information but have not been subjected to auditing procedures.

Based on the application of these procedures, we have reported findings relating to noncompliance with federal and state equipment management regulations and noncompliance with the procurement, suspension, and debarment compliance requirement. The prior year finding regarding inadequate controls over revenue collections has been resolved by management. We found no other significant control deficiencies or errors relating to movable property. We found no significant control deficiencies or noncompliance that would require reporting under OMB Circular A-133 for the Unallied Management Projects (CFDA 11.454) federal program for the fiscal year ended June 30, 2009, or for the federal Research and Development Cluster for the fiscal year ended June 30, 2010.

The following significant findings are included in this report for management's consideration:

**Noncompliance With Federal and State  
Equipment Management Regulations**

LDWF did not comply with federal and state equipment management regulations. LDWF did not tag and report equipment acquisitions as required, did not seek approval to dispose of nonfunctional equipment in a timely manner, and did not seek prior approval to dismantle equipment for other purposes.

OMB Circular A-87 requires a state to use, manage, and dispose of equipment acquired under a federal grant in accordance with state laws and procedures. Louisiana Administrative Code (LAC) requires that all movable property acquisitions having an original acquisition cost of \$1,000 or more be tagged with a uniform state of Louisiana identification tag and all pertinent inventory information be forwarded to the Louisiana Property Assistance Agency (LPAA) within 60 calendar days after receipt of these items. The LAC also requires that the agency's property manager submit a request for disposition to the LPAA, within the week it becomes known, for each idle or surplus item within the agency. Furthermore, the LAC requires that an agency's property manager obtain prior approval from LPAA to sell, transfer, scrap, dismantle, loan out or otherwise remove an item from the state master file listing of agency inventory.

A review of a late additions report from Protégé, the state's movable property system, for the period July 1, 2009, to April 19, 2010, disclosed that 89 of 812 (11%) equipment acquisitions were not entered into Protégé within 60 calendar days, as required. Fifty-four of 89 late acquisitions were purchased with federal funds. The delays in entering the equipment ranged from 61 to 4,914 days or an average of 1,040 days.

In a separate test of 39 movable property items, LDWF had not promptly sought approval to dispose of four (10%) items that were identified by LDWF field staff as nonfunctional and idle. Additional procedures identified one computer that agency personnel dismantled without prior approval from LPAA.

Management has not placed sufficient emphasis on internal controls over movable property or compliance with federal and state equipment management regulations. Failure to comply with federal and state equipment management regulations increases the risk that assets may be misreported, lost, or stolen.

Management should ensure that (1) all movable property acquisitions are tagged and reported timely; (2) disposal of idle or nonfunctional equipment is requested promptly; and (3) LPAA's approval is obtained before equipment is dismantled. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A, pages 1-2).

### **Noncompliance With Procurement, Suspension, and Debarment Compliance Requirement**

LDWF does not maintain evidence of verification that entities entering into covered transactions with LDWF are not suspended, debarred, or otherwise excluded from doing business with the federal government.

OMB Circular A-133 *Compliance Supplement* Part 3, Section I stipulates that when non-federal entities enter into covered transactions with an entity at a lower tier, the non-federal entity must verify that the other entity is not suspended, debarred, or otherwise excluded from doing business with the federal government. Non-federal entities must demonstrate compliance with the requirement.

Management represented that verification of suspension and debarment is performed, but it does not maintain documentation of the verification because there is no formal mechanism in place to require the documentation. Failure to document the verification of suspension and debarment places the department in noncompliance with the procurement, suspension, and debarment compliance requirement and increases the risk that LDWF could contract with entities that have been suspended or debarred by the federal government.

Management should establish formal procedures that require responsible personnel to document verification of compliance with the procurement, suspension, and debarment compliance requirement. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 3).

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 findings

relating to the department's compliance with applicable laws and regulations should be addressed immediately by management. Our findings related to federal compliance testing are included in this procedural report and will be included in the Single Audit Report for the State of Louisiana.

While we did not perform an audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, we did perform certain procedures related to compliance with federal laws and regulations in accordance with those standards. 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.

The Annual Fiscal Reports of LDWF were not audited or reviewed by us, and, accordingly, we do not express an opinion on those 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.

This report is intended solely for the information and use of the department and its management 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,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

MMG:ETM:BQD:THC:dl

LDWF 2010

BUDGETARY COMPARISON SCHEDULES (UNAUDITED)

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UNAUDITED

**DEPARTMENT OF WILDLIFE AND FISHERIES  
AGENCY 511 - OFFICE OF MANAGEMENT AND FINANCE**

**Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2010**

**APPROPRIATED REVENUES:**

	TOTAL BEFORE ADJUSTMENTS	AGENCY ADJUSTMENTS	ADJUSTED TOTAL	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund - interagency transfers	\$72,917		\$72,917	\$193,961	(\$121,044)
Federal funds	523,457		523,457	1,116,700	(593,243)
Conservation Fund	9,123,857		9,123,857	9,716,408	(592,551)
Louisiana Duck License, Stamp and Print Fund	10,450		10,450	10,450	
Marsh Island Operating Fund	6,691		6,691	8,042	(1,351)
Rockefeller Wildlife Refuge & Game Preserve Fund	31,234		31,234	104,040	(72,806)
Seafood Promotion and Marketing Fund	24,430		24,430	24,430	
<b>Total Appropriated Revenues</b>	<b>\$9,793,036</b>	<b>NONE</b>	<b>\$9,793,036</b>	<b>\$11,174,031</b>	<b>(\$1,380,995)</b>

**APPROPRIATED EXPENDITURES:**

	MANAGEMENT AND FINANCE
Salaries	\$3,794,504
Other compensation	406,702
Related benefits	1,596,753
Travel & training	11,830
Operating services	3,016,346
Supplies	88,890
Professional services	121,968
Other charges	17,288
Capital outlay	78,395
Interagency transfers	660,361
<b>Total appropriated expenditures before adjustments</b>	<b>9,793,037</b>
System adjustments	(355)
<b>Total Appropriated Expenditures</b>	<b>9,792,682</b>
<b>Revised Budget</b>	<b>11,174,031</b>
<b>Variance Favorable (Unfavorable)</b>	<b>\$1,381,349</b>

NOTE: This schedule was prepared using information from the Integrated Statewide Information System (ISIS), the state's accounting system.

Additional detail is available on request.

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UNAUDITED

**DEPARTMENT OF WILDLIFE AND FISHERIES  
AGENCY 512 - OFFICE OF THE SECRETARY**

**Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2010**

**APPROPRIATED REVENUES:**

	TOTAL BEFORE ADJUSTMENTS	AGENCY ADJUSTMENTS	ADJUSTED TOTAL	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund - fees and self-generated	\$5,880		\$5,880	\$14,000	(\$8,120)
General Fund - interagency transfers	1,910,384		1,910,384	2,639,400	(729,016)
Federal funds	4,345,151		4,345,151	4,641,476	(296,325)
Oyster Sanitation Fund	425,500		425,500	425,500	
Rockefeller Wildlife Refuge and Game Preserve Fund	44,164		44,164	116,846	(72,682)
Marsh Island Operating Fund	35,982		35,982	132,527	(96,545)
Conservation Fund	24,418,363		24,418,363	25,137,755	(719,392)
Wildlife Habitat National Heritage Trust Fund	99,076		99,076	106,299	(7,223)
Shrimp Trade Petition Account	175,000		175,000	175,000	
<b>Total Appropriated Revenues</b>	<b>\$31,459,500</b>	<b>NONE</b>	<b>\$31,459,500</b>	<b>\$33,388,803</b>	<b>(\$1,929,303)</b>

**APPROPRIATED EXPENDITURES:**

	ADMINISTRATIVE	ENFORCEMENT	MARKETING	TOTAL
Salaries	\$735,357	\$15,571,490		\$16,306,847
Other compensation	17,935	29,634		47,569
Related benefits	203,654	6,000,032		6,203,686
Travel & training	7,374	169,677		177,051
Operating services	14,418	646,365		660,783
Supplies	14,426	1,726,924		1,741,350
Professional services		21,246		21,246
Other charges	175,000	22,209		197,209
Capital outlay	3,751	4,876,169		4,879,920
Major repairs		66,161		66,161
Interagency transfers	65	1,157,614		1,157,679
<b>Total appropriated expenditures before adjustments</b>	<b>1,171,980</b>	<b>30,287,521</b>		<b>31,459,501</b>
System adjustments		(3,035)	(\$5,540)	(8,575)
<b>Total Appropriated Expenditures</b>	<b>1,171,980</b>	<b>30,284,486</b>	<b>(5,540)</b>	<b>31,450,926</b>
<b>Revised Budget</b>	<b>1,247,654</b>	<b>32,141,149</b>		<b>33,388,803</b>
<b>Variance Favorable (Unfavorable)</b>	<b>\$75,674</b>	<b>\$1,856,663</b>	<b>\$5,540</b>	<b>\$1,937,877</b>

NOTE: This schedule was prepared using information from the Integrated Statewide Information System (ISIS), the state's accounting system.

Additional detail is available on request.

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UNAUDITED

**DEPARTMENT OF WILDLIFE AND FISHERIES  
AGENCY 513 - OFFICE OF WILDLIFE**

**Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2010**

**APPROPRIATED REVENUES:**

	TOTAL BEFORE ADJUSTMENTS	AGENCY ADJUSTMENTS	ADJUSTED TOTAL	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund - fees and self-generated	\$23,383		\$23,383	\$84,500	(\$61,117)
General Fund - interagency transfers	3,842,676		3,842,676	5,925,356	(2,082,680)
Federal funds	7,677,339		7,677,339	9,839,378	(2,162,039)
Rockefeller Wildlife Refuge and Game Preserve Fund	2,596,827		2,596,827	5,979,422	(3,382,595)
Rockefeller Wildlife Refuge Trust and Protection Fund	790,153		790,153	947,987	(157,834)
Marsh Island Operating Fund	423,297		423,297	572,897	(149,600)
Russell Sage or Marsh Island Refuge Capitol Improvement Fund				1,237,000	(1,237,000)
Louisiana Environmental Education Fund	892,244		892,244	963,758	(71,514)
Conservation Fund	11,279,853		11,279,853	13,815,638	(2,535,785)
Louisiana Fur and Alligator Public Education and Marketing Fund	7,724		7,724	95,000	(87,276)
Wildlife Habitat National Heritage Trust Fund	85,561		85,561	285,273	(199,712)
Scenic Rivers Fund	76		76	2,000	(1,924)
Louisiana Duck License, Stamp, and Print Fund	133,981		133,981	404,225	(270,244)
Louisiana Alligator Resource Fund	1,482,852		1,482,852	1,868,089	(385,237)
Natural Heritage Account	34,200		34,200	34,200	
Louisiana Reptile/Amphibian Research Fund	6,686		6,686	7,220	(534)
Louisiana Wild Turkey Stamp Fund	28,414		28,414	71,125	(42,711)
Conservation of the Black Bear Account	24,583		24,583	41,420	(16,837)
White Lake Property Fund	721,331		721,331	1,281,670	(560,339)
<b>Total Appropriated Revenues</b>	<b>\$30,051,180</b>	<b>NONE</b>	<b>\$30,051,180</b>	<b>\$43,456,158</b>	<b>(\$13,404,978)</b>

**APPROPRIATED EXPENDITURES:**

	WILDLIFE
Salaries	\$11,489,984
Other compensation	960,627
Related benefits	4,817,491
Travel & training	148,558
Operating services	1,110,268
Supplies	2,099,154
Professional services	1,433,842
Other charges	4,328,641
Capital outlay	1,341,033
Major repairs	1,252,379
Interagency transfers	1,069,203
<b>Total appropriated expenditures before adjustments</b>	<b>30,051,180</b>
System adjustments	(8,052)
<b>Total Appropriated Expenditures</b>	<b>30,043,128</b>
<b>Revised Budget</b>	<b>43,456,158</b>
<b>Variance Favorable (Unfavorable)</b>	<b>\$13,413,030</b>

NOTE: This schedule was prepared using information from the Integrated Statewide Information System (ISIS), the state's accounting system.

Additional detail is available on request.

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UNAUDITED

**DEPARTMENT OF WILDLIFE AND FISHERIES  
AGENCY 514 - OFFICE OF FISHERIES**

**Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2010**

**APPROPRIATED REVENUES:**

	TOTAL BEFORE ADJUSTMENTS	AGENCY ADJUSTMENTS	ADJUSTED TOTAL	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund - direct	\$92,439		\$92,439	\$92,439	
General Fund - fees and self-generated	16,584		16,584	40,000	(\$23,416)
General Fund - interagency transfers	1,763,643		1,763,643	3,442,437	(1,678,794)
Federal funds	55,626,748		55,626,748	69,362,544	(13,735,796)
Oyster Sanitation Fund	63,240		63,240	75,500	(12,260)
Oil Spill Contingency Fund	10,466		10,466	54,000	(43,534)
Conservation Fund	17,018,387		17,018,387	18,563,202	(1,544,815)
Seafood Promotion and Marketing Fund	296,947		296,947	308,104	(11,157)
Artificial Reef Development Fund	944,681		944,681	1,179,000	(234,319)
Louisiana Alligator Resource Fund	12,498		12,498	47,500	(35,002)
Oyster Development Fund	143,645		143,645	175,866	(32,221)
Shrimp Marketing and Promotion Account	54,004		54,004	175,867	(121,863)
Aquatic Plant Control Fund	249,826		249,826	678,041	(428,215)
Public Oyster Seed Ground Development Account	139,185		139,185	3,594,000	(3,454,815)
Shrimp Trade Petition Account	109,831		109,831	139,000	(29,169)
Crab Promotion and Marketing Account	4,335		4,335	65,999	(61,664)
Derelict Crab Trap Removal Program Account	11,196		11,196	37,644	(26,448)
<b>Total Appropriated Revenues</b>	<b>\$76,557,655</b>	<b>NONE</b>	<b>\$76,557,655</b>	<b>\$98,031,143</b>	<b>(\$21,473,488)</b>

**APPROPRIATED EXPENDITURES:**

	FISHERIES	MARKETING	TOTAL
Salaries	\$11,414,119	\$203,131	\$11,617,250
Other compensation	1,073,597	349	1,073,946
Related benefits	4,812,063	62,280	4,874,343
Travel & training	61,337	59,538	120,875
Operating services	4,304,733	362,822	4,667,555
Supplies	4,252,673	25,833	4,278,506
Professional services	974,169	183,148	1,157,317
Other charges	46,177,576	138,458	46,316,034
Capital outlay	1,370,107		1,370,107
Major repairs	151,067		151,067
Interagency transfers	918,151	2,480	920,631
<b>Total appropriated expenditures</b>			
before adjustments	75,509,592	1,038,039	76,547,631
System adjustments	(2,153,487)		(2,153,487)
<b>Total Appropriated Expenditures</b>	<b>73,356,105</b>	<b>1,038,039</b>	<b>74,394,144</b>
<b>Revised Budget</b>	<b>96,518,782</b>	<b>1,512,361</b>	<b>98,031,143</b>
<b>Variance Favorable (Unfavorable)</b>	<b>\$23,162,677</b>	<b>\$474,322</b>	<b>\$23,636,999</b>

NOTE: This schedule was prepared using information from the Integrated Statewide Information System (ISIS), the state's accounting system.

Additional detail is available on request.

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





BOBBY JINDAL  
GOVERNOR

## State of Louisiana

DEPARTMENT OF WILDLIFE AND FISHERIES  
OFFICE OF MANAGEMENT AND FINANCE

ROBERT J. BARHAM  
SECRETARY

LOIS AZZARELLO  
UNDERSECRETARY

June 25, 2010

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804

RE: Audit Finding – Noncompliance with Federal and State Equipment Management Regulations

Mr. Purpera,

The Department concurs with the above stated finding and recommendations. We offer the following proposed corrective action plan.

### **Corrective Action Plan**

The Department will take action to ensure that moveable property acquisitions are tagged and reported timely. These steps include:

- The Department has reassigned duties in the Accounting Department to allow one Accountant to exclusively perform reconciliations. This will allow for reconciliation between ISIS and Protégé to be routinely performed in a timelier manner. By performing this reconciliation in a timelier manner, the Department will be able to identify moveable property that has been purchased and received but not tagged sooner.
- The Internal Auditor has included inventory audits as a part of the Audit Plan. As a component of the inventory audits, periodic testing will be performed to determine if moveable property is being tagged within 60 days. If delays are identified, they will be reported to Executive Management, who will hold the employees responsible for the delays accountable.

The Department will take action to ensure that the disposal of idle or nonfunctional equipment is requested promptly. These steps include:

- The Department's Property Control Section will send periodic reminders to all employees that nonfunctional equipment is to be properly disposed of in a timely manner.
- The Internal Auditor has included inventory audits as a part of the Audit Plan. As a component of the inventory audits, periodic testing will be performed to determine if nonfunctional equipment is properly disposed of in a timely manner. If problems are identified, they will be reported to Executive Management, who will hold the responsible employees accountable.

The Department will take action to ensure that LPAA's approval is obtained before equipment is dismantled. These steps include:

- The Department's Property Control Section will send periodic reminders to all employees that LPAA's approval is to be obtained before equipment is dismantled.

**Persons Responsible for Corrective Action**

Tammy Calix, Accountant Manger 3  
Gail Allatto, Administrative Program Director 2

We value the experience of this audit and view it as an opportunity to improve our business processes. If you should have any questions or need additional answers, please contact me at 765-2860.

Sincerely,

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

Lois Azzarello  
Undersecretary

c: Robert Barham, Secretary



BOBBY JINDAL  
GOVERNOR

State of Louisiana

DEPARTMENT OF WILDLIFE AND FISHERIES  
OFFICE OF MANAGEMENT AND FINANCE

ROBERT J. BARHAM  
SECRETARY

LOIS AZZARELLO  
UNDERSECRETARY

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June 25, 2010

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804

RE: Audit Finding – Noncompliance with Procurement, Suspension, and Debarment Compliance Requirement

Mr. Purpera,

The Department concurs with the above stated finding and recommendations. We offer the following response and proposed corrective action plan.

The Department goes beyond the requirements of OMB Circular A-133 in that it searches the Excluded Party List System for each contract entered into using Federal dollars rather than only those exceeding \$25,000. However, we have not kept documentation that these searches have been performed.

**Corrective Action Plan**

The Department will take action to ensure that adequate documentation is kept for all suspension and debarment searches. These steps will include:

- Effective immediately, documentation of all suspension and debarment searches will be kept in contract files.
- Written procedures will be updated no later than July 1, 2010 to reflect the requirement that documentation of suspension and debarment searches will be kept in contract files.

**Persons Responsible for Corrective Action**

Tammy Calix, Accountant Manager 3  
Susan Newsom, Contracts and Grant Reviewer 4

We value the experience of this audit and view it as an opportunity to improve our business processes. If you should have any questions or need additional answers, please contact me at 765-2860.

Sincerely,

Lois Azzarello  
Undersecretary

c: Robert Barham, Secretary  
Wynnette Kees, Accountant Administrator 4