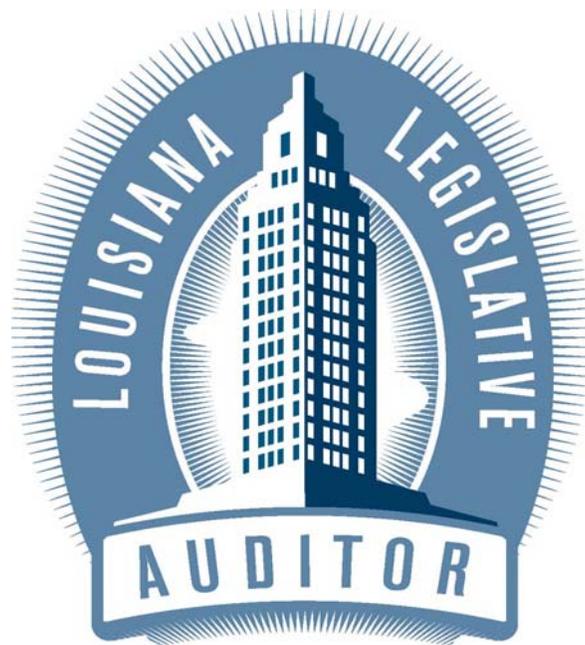


DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
PUBLIC SAFETY SERVICES  
STATE OF LOUISIANA



PROCEDURAL REPORT  
ISSUED JULY 15, 2009

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
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BATON ROUGE, LOUISIANA 70804-9397**

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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.

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. Five copies of this public document were produced at an approximate cost of \$14.20. 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. 3550 or Report ID No. 80090033 for additional information.

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LOUISIANA LEGISLATIVE AUDITOR  
STEVE J. THERIOT, CPA

June 25, 2009

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Public Safety and Corrections, Public Safety Services for the period from July 1, 2008, through June 25, 2009. 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 the Department of Public Safety and Corrections, Public Safety Services 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 the Department of Public Safety and Corrections, Public Safety Services, dated April 7, 2009, we reported findings relating to an ineffective internal audit function and inadequate controls over movable property. The finding relating to the ineffective internal audit function has been resolved. The finding relating to the inadequate controls over movable property is addressed again in this letter.

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

### **Insufficient Monitoring of Contracts for Design of Motor Vehicle Computer Systems**

The Department of Public Safety and Corrections, Public Safety Services did not effectively monitor a multi-phase \$32.4 million project to replace the drivers' license and the motor vehicle registration computer systems. Good business practices require that project monitoring is performed by qualified personnel and that adequate communication practices are established between the vendor, agency monitors, and agency management to report and analyze the progress of the project.

In November 2002, the department entered into a three-year contract totaling \$18.9 million with the Unisys Corporation to redesign two computer systems that were approximately 40 years old. In August 2004, the department entered into an additional \$6.6 million three-year contract with Unisys for Phase III of the project. In March 2008, a third contract was signed totaling \$21 million for a 20-month period. On January 14, 2009, the department provided Unisys with written notification that the contract was terminated for convenience by the State of Louisiana because the project was not successful in creating the new systems.

The department paid \$32.4 million over six years to consultants, software and hardware vendors, and Unisys and still did not obtain a functioning integrated motor vehicle system. Of this amount, \$4.8 million was paid for computer hardware that is considered usable by the department. The project was monitored by an oversight contractor who provided status reports and recommendations to management. However, the project was not successful and was not terminated timely because it was not clear at the department who was responsible for reviewing the oversight contractor's monthly reports. It was also unclear whether the department's management was made aware of the issues included in those monitoring reports and whether needed changes were made based upon the oversight contractor's recommendations.

Management of the department should evaluate the computer system contracts for legal remedies that may be available to it and determine whether any of the goods or services can be used effectively. Management should evaluate its project monitoring policies to avoid similar failures in the future. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 1).

### **Inadequate Controls Over Movable Property**

For the fifth consecutive year, the department did not have adequate internal controls to ensure compliance with the state's movable property regulations related to verifying the location of property. In addition, the department did not have adequate internal controls to ensure the timely reporting of qualified acquisitions to the Louisiana Property Assistance Agency (LPAA). Louisiana Administrative Code (LAC) 34:VII.313 states, in part, that efforts must be made to locate all movable property items for which there are no explanations available for their disappearance. Louisiana Revised Statute 39:323 and LAC 34:VII.307 require that all acquisitions of qualified assets be reported to LPAA

within 60 days of receipt of the property. In addition, good internal control dictates that assets are properly monitored to safeguard against loss or theft.

A review of the department's movable property records as of February 28, 2009, disclosed the following:

1. In the property control system, the department identified unlocated movable property items totaling \$883,374. This amount included unlocated computers and computer-related equipment totaling \$479,890. The department administered movable property totaling \$157,649,165. The unlocated property by functional property area is as follows:
  - Office of State Police - \$438,875
  - Information Services - \$424,203
  - State Police Training Academy - \$11,225
  - Louisiana Gaming Control Board - \$3,181
  - Office of Management and Finance - \$2,825
  - Office of Motor Vehicles - \$2,020
  - Fire Marshal - \$1,045
2. A review of the acquisitions for the department disclosed that 105 assets totaling \$769,608 were not reported to LPAA within 60 days. The number of days late ranged from 11 to 1,044 days.

The department is not properly accounting for and safeguarding its movable property. Failure to establish adequate controls over movable property increases the risk of loss arising from unauthorized use of property and subjects the department to noncompliance with state laws and regulations. Because of the nature of the services provided by the department, the risk also exists that sensitive information could be improperly recovered from the missing computers and/or computer-related equipment.

Management should strengthen its procedures for conducting the physical inventory of movable property and devote additional efforts to locating movable property reported as unlocated in previous years. Management should ensure that the acquisition of qualified assets is reported timely to LPAA. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 2-3).

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 finding relating

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,  
PUBLIC SAFETY SERVICES \_\_\_\_\_

to the department'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, 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

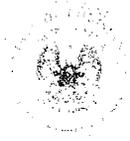
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Management's Corrective Action  
Plans and Responses to the  
Findings and Recommendations

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,  
PUBLIC SAFETY SERVICES

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State of Louisiana  
Department of Public Safety and Corrections  
Public Safety Services

June 1, 2009  
DPS-02-1154

Mr. Steve J. Theriot, CPA  
Legislative Auditor  
Office of Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Insufficient Monitoring of Contracts for Design of Motor Vehicle Computer Systems

Dear Mr. Theriot:

Reference is made to Public Safety's official response to the reported auditor's finding of Insufficient Monitoring of Motor Vehicle Computer Systems Designs.

The Department concurs with the finding. Upon the appointment of this administration, an assessment began in regard to continuance of the contract. A determination was made that it was not feasible nor in the best interest of the State to continue this contract. The contractor continued to request increases to contract amount without a demonstrable system. Upon cancellation, management immediately sought legal remedies and that endeavor is currently in process.

At termination of the contract, the Department began development of an alternative NGMV solution. We are confident that we can implement an alternative NGMV solution at a substantially lower cost to the State than the contractor's cost to complete. Examples of the equipment purchased for the project that are currently being utilized are servers, scanners and printers. Some examples of software purchased through the contract that are currently being utilized are Content Manager and Thunderhead.

Sincerely,

  
Jill P. Boudreaux  
Undersecretary

cc: Colonel Michael D. Edmonson, Deputy Secretary

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OFFICE OF MANAGEMENT & FINANCE, P.O. BOX 66614, BATON ROUGE, LOUISIANA 70896  
(225) 925-6032



State of Louisiana  
Department of Public Safety and Corrections  
Public Safety Services

May 11, 2009  
DPS-02-01142

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

RE: Inadequate Control Over Moveable Property

The Department of Public Safety **concurs** with the audit findings. The Department recognizes the significance of maintaining all property within our area of responsibility. In order to streamline and create efficiency within the Department, the Property Control Division has been segregated to provide clarity and enhance our capability to monitor all purchasing activities. The following action plans are being established and implemented to diminish the number of unlocated moveable property items:

- The property policies and procedures manual has been updated and is near completion. To improve our processes and encourage accountability in regard to moveable property, the revised guidelines reflect decentralization of property reporting.
- The Department is reviewing the possibility of utilizing barcode scanners which will be directly linked to LPAA's Protégé system or will be ERP compatible.
- The revised policy and procedure manual will assure proper filing of paperwork.
- The internal on-line transfer system for tracking movement of assets is currently being reviewed for feasibility of usage.

In addition, the Department has included guidelines in the revised procedures to address inadequate control of late entry acquisitions. In order to ensure future compliance, the Property Control Section has developed a tickler system of all purchase orders initiated by the Department to track all deliveries to field offices and to make timely asset entries a priority.

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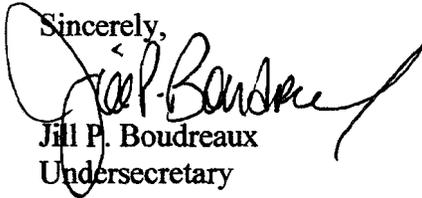
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(225) 925-6032

Page -2-

Mr. Steve J. Theriot, CPA  
Legislative Auditor  
May 11, 2009

The Department of Public Safety continues to improve processes and procedures with regard to protecting the state's property. Mr. Kerry LeBlanc, Administrative Director, is the responsible party for the corrective action. Please feel free to contact me or Kerry LeBlanc for any additional information.

Sincerely,



Jill P. Boudreaux  
Undersecretary

cc: Colonel Michael D. Edmonson, Deputy Secretary  
Kerry LeBlanc, Administrative Director