



# Report Highlights

## Department of Natural Resources

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Financial Audit Services • November 2013

### Why We Conducted This Audit

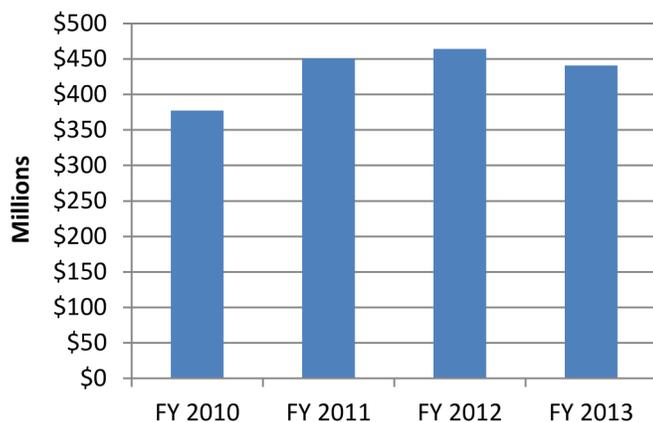
We conducted certain procedures at the Department of Natural Resources (DNR) as part of our audit of the State of Louisiana's financial statements and the Single Audit of the State of Louisiana and to evaluate DNR's accountability over public funds for the fiscal year ended June 30, 2013.

### What We Found

We tested controls, compliance with laws, and financial reporting relating to royalty revenues as part of the audit of the state's financial statements. We also tested internal control and compliance with requirements for the federal State Energy Program. Our procedures disclosed the following:

- Internal controls related to royalty revenues and the State Energy Program provide reasonable accountability over public funds for the period examined.
- Fluctuations in royalty revenues are primarily attributed to changes in oil and gas prices and production levels, as well as natural disaster occurrences, such as hurricanes and oil spills. Royalty revenues have remained fairly stable over the past three years.

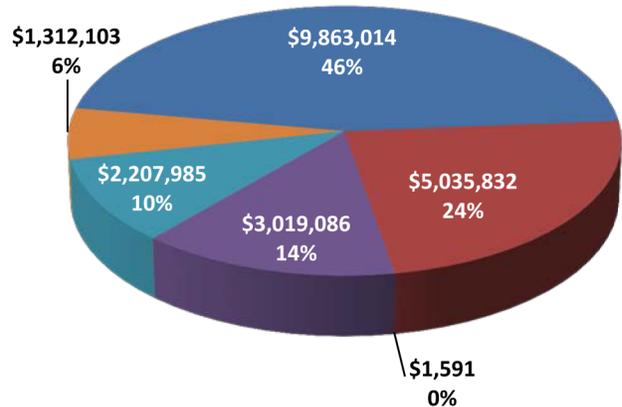
**Royalty Revenues, by Fiscal Year**



Source: FY 2010 - 2013 DNR Annual Fiscal Reports, as adjusted

- We scheduled the split of American Recovery and Reinvestment Act (ARRA) State Energy Program expenditures between the various sub-programs and noted that 46% of grant expenditures were expended on State Buildings Energy Efficiency Retrofits for energy efficient projects in state buildings and 24% were expended on the Flex-Fund Revolving Loan Program to provide low-interest loans to qualifying Louisiana entities for commercial and industrial energy efficiency projects.

**ARRA State Energy Program - CFDA 81.041  
Fiscal Year 2013 Expenditures**



- State Buildings Energy Efficiency Retrofits
- Flex-Fund Revolving Loan Program
- Home Energy Rebate Option Program (HERO)
- Transportation Efficiency and Alternative Fuels Program
- Renewable Energy Program
- Administration and Supervision

Source: 2013 Schedule of Expenditures of Federal Awards and ISIS Data