

LEGISLATIVE AUDITOR  
STATE OF LOUISIANA



— DEPARTMENT OF WILDLIFE AND FISHERIES —  
STATE OF LOUISIANA

PROCEDURAL REPORT  
ISSUED JANUARY 5, 2005

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

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STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

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December 2, 2004

**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 controls; (2) tests of financial transactions for the years ending June 30, 2003, and June 30, 2004; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 2003, and June 30, 2004; 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 other 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 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 opinions.

In our prior report on the Department of Wildlife and Fisheries, dated May 29, 2002, we reported findings relating to (1) theft of funds; (2) federal funds expended on a defective fish hatchery; (3) failure to update and reconcile movable property records; (4) inadequate controls over revenue collection; (5) inadequate inventory control procedures; and (6) deficiencies in electronic data processing. The findings relating to theft of funds, federal funds expended on a defective fish hatchery, and failure to update and reconcile movable property records have been resolved by management. The findings relating to 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.

**Internal Control Weaknesses in the  
Electronic License and Boat Registration System**

The Department of Wildlife and Fisheries (DWF) failed to maintain adequate internal control over its new electronic license and boat registration system (System). On July 30, 2003, DWF contracted with GreatLodge.com, Inc. (Contractor) to design, implement, operate, and maintain the System. The System was implemented on September 1, 2003, and the Contractor charges the department approximately 75 cents per license type or boat registration processed. Payments to the Contractor through July 2004 totaled approximately \$1.2 million. Good internal controls require that (1) policies and procedures exist to ensure the accuracy of financial reporting and to safeguard the System and data against unauthorized use, modification, damage, or loss; (2) the System should process transactions in accordance with the intent of management and in compliance with federal and state laws and regulations; and (3) the financial stability of proposed contractors is appropriately reviewed before selection to ensure their ability to produce specified deliverables.

During a review of the System, the following weaknesses were noted:

- Although the System is designed to assign consecutive transaction numbers, department analysis of the System data revealed that gaps occurred in the numerical sequence of transactions. Because the System cannot account for all transactions, the department cannot verify the completeness of license and boat registration revenue.
- DWF could not access historical vendor account and customer information until approximately seven months after implementing the System. During this period, DWF incurred an additional expense of \$50,000 to access this data using its former electronic license system.
- There is no formal problem resolution or system modification process and no written procedures exist for requesting user access based on business-need or for monitoring and terminating user access for DWF employees and Contractor personnel.
- No confidentiality requirements exist relating to the DWF data provided to the Contractor.
- An internal audit of hunting and fishing licenses sold between September 1, 2003, and December 31, 2003, reported that individuals could purchase hunting licenses through the System without providing certification of completion of a hunter education course in violation of Louisiana Revised Statute (R.S.) 56:699.1. Another internal audit reported that individuals with revoked or suspended licenses were able to purchase hunting or fishing licenses through the System in violation of R.S. 56:31.1(G)(3).

- The System has failed to properly operate in an off-line mode as required by the contract, which allows the vendor to sell licenses when the vendor's terminal is unable to connect to the System by temporarily storing the license data on the terminal and updating the System when connections are later restored.
- An interactive training module required by the contract was not available for vendor use until approximately six months after the System was implemented.
- The department has not obtained written documentation concerning contingency planning by the Contractor to ensure continuous service in the event of a System failure or a disaster.
- The department did not obtain financial information from the Contractor to determine its financial stability prior to awarding the contract, as required in the Request for Proposal process.

These control weaknesses have occurred because DWF did not ensure that a sound understanding of the System's technical and functional requirements was obtained and did not ensure that the System was adequately tested before implementing. This caused functional problems within the System that could affect the integrity of programs, processing, and data and could place DWF at risk for noncompliance with federal and state laws and regulations and a potential loss of revenues. Furthermore, without obtaining financial information on a proposed contractor's financial stability, the department cannot effectively assess the proposed contractor's ability to produce specified deliverables.

Management should ensure that (1) the System accounts for all transactions; (2) the System allows for comprehensive vendor and customer inquiries; (3) problem resolution and System modification processes exist and that appropriate System access rights are established and monitored; (4) System security policies exist including confidentiality requirements of data; (5) licenses are issued through the System in accordance with DWF regulations and in compliance with federal and state laws; (6) the System performs all contractually required functions including off-line mode; (7) vendors are adequately trained on the use of the system timely; (8) contingency planning documentation is obtained from the Contractor; and (9) all requirements of the Request for Proposal process be followed prior to awarding contracts. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 1-3).

### **Inadequate Controls Over Revenue Collection**

For the fifth consecutive audit, the DWF 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) funds are deposited upon receipt; (2) sufficient documentation is maintained to verify completeness and timeliness of deposits; (3) duties are adequately segregated; (4) supervisors review customer master record changes; (5) supervisors review deposits timely; and (6) deposits are reconciled to accounting records. Weaknesses were noted as follows:

- Revenue collected by the Circulation/Marketing Section for magazine subscriptions is held several days before being deposited. The Motorboat Registration and Commercial License Section does not date stamp applications and checks when received; therefore, adequate documentation was not available to determine timeliness of deposit.
- Duties are not adequately segregated for the processing of Circulation/Marketing, Motorboat Registration/Commercial License, and Accounts Receivable Section revenues. The same employees that receive and open the mail also enter payment information in computer systems and prepare deposits or provide the source documentation for preparing deposits. A check log or count of checks is not prepared at the beginning of the revenue process to ensure that all checks initially received in each section are accounted for at the end of the day. Consequently, the completeness of deposits cannot be verified.
- There is no supervisory review of customer master record changes made by the Circulation/Marketing manager in the Louisiana Conservation magazine system.
- Deposits made by the Circulation/Marketing manager are not reviewed by a supervisor in a timely manner.
- Reconciliations of bank deposits to accounting records are not performed for revenues associated with alligator harvesting.

These conditions exist because management has not placed adequate emphasis on internal control over revenues. The lack of adequate internal control increases the risk that errors and/or fraud could occur and not be detected in a timely manner.

Management of the department should establish and implement procedures to ensure the completeness and timeliness of deposits, adequate segregation of duties including supervisory review of customer master record changes, timely supervisory review of deposits, and a reconciliation of revenues deposited and recorded. Management concurred in part with the finding and outlined a plan of corrective action (see Appendix A, pages 4-7).

### **Inadequate Inventory Control Procedures**

For the fifth consecutive audit, the DWF 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. In addition, inventory duties should be segregated so that no one employee is in a position to conceal errors and/or fraud. Furthermore, management should ensure that employees responsible for preparing year-end inventory totals understand inventory reporting requirements and that inventory data compiled by those employees are subject to an independent review process.

A test of 24 consumable supply items maintained in the Administrative Services Division disclosed the following:

- The physical count for three of the 24 items (12%) did not agree with the quantity reported on the inventory records.
- Eight items (33%) were incorrectly priced.

A test of 24 items maintained for resale by the Public Information Division disclosed the following:

- The physical count for 17 of the 24 items (71%) did not agree with the quantity reported on the inventory records.
- Three items (13%) were incorrectly priced.
- Documentation to support unit costs was unavailable for 13 items (54%).
- Twenty five units of one item were taken out of inventory to fill an order; however, the items were not deducted from inventory because a sales invoice had not been prepared. Inventory quantities are automatically reduced in the sales/inventory system upon the generation of a system invoice.
- Unit costs for magazines are recorded inconsistently in the inventory records.

Interviews with department personnel revealed that inventory duties are not adequately segregated for the Administrative Services Division and the Enforcement Division. At least one employee with inventory duties in each division has custody of inventory items, receives inventory purchases, issues inventory items to employees, updates inventory records for purchases and issuances, and performs the year-end physical count. These are considered incompatible functions.

A review of the department's June 30, 2003, Annual Financial Reports revealed that inventory for the Office of Fisheries was understated by \$70,474 (11.50%) because

herbicides on-hand in the Aquatic Plants Division were mistakenly not reported. In addition, inventory for the Administrative Services Division was overstated by \$2,066 (2.62%) because postage was mistakenly included.

These errors occurred because the department has not sufficiently emphasized the need to maintain accurate inventory records, the need to segregate inventory duties, the importance of understanding inventory reporting requirements, and the importance of an independent review process. Without adequate internal control over inventories, there is an increased risk that inventory could be lost or stolen and not be detected in a timely manner and that the department's financial statements will be inaccurate.

DWF management should establish procedures to ensure that inventory records are properly maintained to account for the receipt, issuance, valuation, and disposition of inventory, to ensure that duties are adequately segregated, to ensure that employees understand inventory reporting requirements, and to ensure that financial statement data are effectively reviewed. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 8-9).

#### **Deficiencies in Information Systems Security and Disaster Recovery/Contingency Plan**

The DWF did not establish adequate controls to effectively monitor user access to its information systems and has not formally developed, implemented, and tested a department-wide disaster recovery/contingency plan. Good information systems (IS) controls require that (1) terminated employees' access is disabled in a timely manner; (2) users are assigned business-need-only access; (3) new and terminated IS users' access is reviewed to detect and correct errors in assigning or removing access rights; and (4) a department-wide disaster recovery/contingency plan is developed, implemented, and tested.

Audit procedures identified the following deficiencies:

- For the second consecutive year, the department has not established adequate controls for disabling terminated employees' access to both the Advantage Financial System (AFS) and the Advanced Governmental Purchasing System (AGPS) in a timely manner. We were able to determine the timeliness of disabling access for eight of the nine IS users terminated during our audit period. Access for five (63%) of these eight terminated users was not disabled until 4 to 24 days after the date of their termination.
- Three of sixteen (19%) employees interviewed with access to AFS and/or AGPS stated that they did not have a business need for access. The department has not developed a procedure to monitor continued business-need-only access to information systems.

- Security administrators for AFS and AGPS do not review new IS users' access to ensure the appropriateness of that access established by the Office of Statewide Information Systems (OSIS). In addition, terminated users' access is not reviewed to ensure that their access has been disabled timely.
- While DWF does have a written disaster recovery/contingency plan for some of its in-house computer systems, the plan does not encompass department-wide operations, the plan has not been tested, and the plan does not provide for an off-site storage facility.

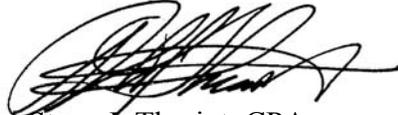
These conditions exist because management has not placed sufficient emphasis on monitoring user access to information systems. In addition, management has not appropriately considered the risks of their inability to process critical transactions in the event of a disaster. Failure to effectively monitor users' access increases the risk of fraud or errors in processing transactions. Failure to develop, implement, and test a comprehensive disaster recovery/contingency plan increases the risk that, in the event of an unexpected interruption in operations, there will be untimely or excessive delays in processing critical data and that critical data may be lost.

Management should develop procedures to (1) timely disable terminated users' access; (2) monitor business-need-only access to computer systems; and (3) monitor new and terminated users' access for appropriateness. In addition, management should develop a comprehensive disaster recovery/contingency plan, locate an offsite storage facility for the department's critical programs and data, and select a back-up site that will allow the department to reestablish critical operations within an acceptable time frame should a disaster occur. After establishing the plan, the department should appropriately train employees and other users of systems, test the plan periodically, and update it as necessary, to ensure that it continues to meet the department's needs. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 10-12).

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 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,



Steve J. Theriot, CPA  
Legislative Auditor

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WLF04

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

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KATHLEEN BABINEAUX BLANCO  
GOVERNOR

*State of Louisiana*  
DEPARTMENT OF WILDLIFE AND FISHERIES  
OFFICE OF SECRETARY

DWIGHT LANDRENEAU  
SECRETARY

October 28, 2004

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

RE: Audit Finding: Internal Control Weaknesses in the Electronic License and Boat Registration System

Dear Mr. Theriot:

The department concurs with the above-stated finding and recommendations. A description of the corrective action plan for each of the weaknesses, where applicable, follows:

- *Gaps in numerical sequence of transaction numbers result in inability to verify completeness of license and boat revenue*

To alleviate this problem, a report of "failed transactions" has been developed by the contractor. This report is being used to validate and account for all transaction numbers. It appears that the system is now correctly assigning and tracking consecutive numbers. We are continuing to monitor this on a monthly basis to ensure reliability.

- *Could not access historical vendor account and customer information until 7 months after system implementation; additional expense incurred to access data through previous license contractor*

This occurred because adequate testing time was not allowed prior to system implementation. When implemented, the system was not able to access historical customer records during the selling process, and this prevented proper issuance of licenses that were dependent upon previous license purchases. In order to correct this problem, the Department chose to continue access to data through the previous contractor until such time as the new system could provide this ability. All historical data has since been loaded into the system, and it is available to appropriate users to ensure proper license issuance.

- *No formal problem resolution or system modification process exists*

Written procedures covering the mechanics of submitting problem/change requests to/by the contractor and subsequent tracking and processing of changes is being developed. This will include notification by the contractor of any changes to code, control center, or data, and as well as changes by LDWF staff to the control center. These procedures are scheduled to be implemented by December 1, 2004.

- *No written procedures for requesting user access or for monitoring and terminating user access (re DWF employees and Contractor personnel) exist*

The License Section staff will work with the contractor to ensure that a department supervisor is notified via e-mail upon establishment of a new vendor, LDWF clerk, or administrator. A procedure to periodically audit the existing users to ensure that all active users are verified and any inactive users are inactivated will be developed. We expect to have this in place by February, 2005.

- *No confidentiality requirements regarding data DWF provides to Contractor*

The department is working with the Division of Administration, State Purchasing Office and the contractor to either amend the contract or enter into a separate agreement (whichever is appropriate) wherein confidentiality in specific areas will be identified. We anticipate that this will be completed by February, 2005.

- *For the first 4 months of the system, individuals could purchase hunting licenses without providing proof of hunter education certification*

Procedures and system edits have been revised to ensure proper verification of hunter education, and this problem has been corrected.

- *For the first 4 months of the system, individuals with revoked or suspended licenses were able to purchase licenses*

This occurred because not all customer historical data was loaded into the new system and because programming did not adequately accommodate the location of existing customer records to verify hunter education certification. System modifications have been implemented, and this problem has been corrected.

- *System fails to properly operate in off-line mode as required by contract*

Due to problems encountered during initial implementation, the off-line mode was disabled. The department has not requested reinstallation of the off-line mode at this time, and we are considering whether this is a necessary component of the system.

- *Interactive training module provided for in the contract was not available until 6 months after implementation*

The RFP and contractor's proposal are incorporated into the contract agreement. The contractor's proposal included a provision for "flash" training demos, and the department accepted this medium for training license vendors. The contractor subsequently developed "interactive" training modules, and this was implemented in March, 2004.

- *DWF has not obtained written documentation concerning contingency planning – how to ensure continuous service in the event of a system failure or disaster*

While this was not a requirement under the RFP or contract, the department agrees as to the need for a plan to continue license issuance should some event cause the contractor's system to fail. We understand that the contractor has a written plan and are awaiting a copy of same at this time.

Allowing for time to review their plan and ensure adequacy, we anticipate correction of this weakness to be completed by December, 2004.

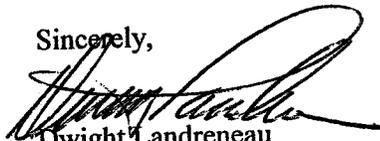
- *DWF did not obtain financial information prior to awarding the contract as required in the RFP*

The department admits to this inadvertent failure to obtain and review three years of audited financial statements as required in the RFP. Subsequent to awarding of the contract, based on a report by our internal auditor, the department did request such information from the contractor but was only provided internally-prepared, unaudited financial statements. The department will assure compliance with this and all provisions of future RFP's prior to awarding of contracts.

While I was not serving as Secretary of the Department of Wildlife and Fisheries when the contract in question was negotiated and awarded, I committed from the start of my administration to work with the contractor to see that the terms of the contract will be fulfilled. It has been an arduous process for our licensing staff and our license vendors to adapt to an internet based real-time POS system. Much progress has been made since initial implementation, and we will continue to work with the contractor to ensure that the system meets state fiscal requirements and has sound internal controls.

The person responsible for the corrective action related to this finding is Janis Landry, Director of the License and Registration Section. If you should have any questions or need additional information, please contact me at 765-2623 or Janice Lansing, Undersecretary, at 765-2860.

Sincerely,



Dwight Landreneau  
Secretary

c: Wynnette Kees, Fiscal Officer  
Janis Landry, Licensing Director  
Charlotte Naquin, Purchasing Director



KATHLEEN BABINEAUX BLANCO  
GOVERNOR

**State of Louisiana**  
DEPARTMENT OF WILDLIFE AND FISHERIES  
OFFICE OF SECRETARY

DWIGHT LANDRENEAU  
SECRETARY

August 6, 2004

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

Re: Audit Finding: Inadequate Controls Over Revenue Collection

Dear Mr. Theriot:

The department concurs in full with some portions of this finding and in part with other portions of this finding. Explanations are provided below under each weakness area reported in the audit. Regarding the recommendations, the department understands the need for timeliness, segregation of duties, supervisory review, and reconciliation, and we agree that this level of accountability would be optimal. However, the reality of limited staffing will not allow for complete implementation of all recommendations. The finding noted seven areas of weaknesses for which we provide a proposed corrective action plan or otherwise explain our position for each as follows:

**Revenue held and not deposited timely (Circulation/Marketing Section)**

**Person(s) responsible for corrective action:**

Marianne Burke, Public Information Director  
Linda Allen, Administrative Specialist  
Wynnette Kees, Fiscal Officer

**Corrective action planned:** With the current staffing situation in the Circulation/Marketing Section (one full-time employee and several students), they are not always able to process fully all mail received each day resulting in some receipts being held for a day or two depending upon workload and student schedules. The department plans to request replacing some of the student workers with a full-time classified employee; if this is approved, it would greatly help with segregation of responsibilities and timely processing. Additionally, we have made a request for approval from the Cash Management Review Board (CMRB) to follow a weekly deposit schedule for this section due to the volume of low-dollar transactions and low weekly average deposit amount (\$775 for the marketing unit and \$3600 for the magazine unit).

**Anticipated completion date for corrective action:** The request for the full-time position will be included in the department's budget request for fiscal year 2005-2006. The request for exemption to the 24-hour deposit regulation was submitted to the CMRB on July 28, 2004.

**Not date stamping applications and checks when received (Motorboat Registration and Commercial License Section)**

**Person(s) responsible for corrective action:**

Janis Landry, License Manager

**Corrective action planned:** The Motorboat Registration and Commercial License Section has begun to date stamp applications when received. The checks themselves will not be date stamped because we believe this will interfere with bank processing. However, procedures are in place to cross reference each check received with applications that are date stamped. The registration or license number for each application received will be hand written on the checks, and this will enable verification of timeliness of deposits.

**Status of corrective action:** This practice has already been implemented effective April, 2004.

**Inadequate segregation of duties (Circulation/Marketing Section and Motorboat Registration and Commercial License Section)**

**Person(s) responsible for corrective action:**

Marianne Burke, Public Information Director  
Linda Allen, Administrative Specialist  
Wynnette Kees, Fiscal Officer  
Nancy Hunter, Accountant 3

**Corrective action planned:** The work processes performed by the Circulation Section and Accounts Receivable Section will be evaluated to see if any improvement in segregation of duties may be possible. With our current staffing situation in these two sections, it is not feasible to have a different employee perform each of the separate components of receiving, data entry, and depositing funds. However, we will conduct a process analysis in these sections, and we commit to bring the functions nearer to an acceptable level of fiscal control wherever possible.

Regarding the operations of the Motorboat Registration and Commercial License Section, the processing practices being used were developed to enhance productivity and enable prompt fulfillment of customer applications and immediate deposit of funds. Achievement of these goals has been a primary objective, and we are pleased with the success of these efforts. A 30-day turnaround in processing registrations and licenses has been reduced to five to seven days. Due to strict processing procedures and close supervisory oversight, we believe that there is a low risk of fraud; thus, a change in the work flow is not warranted. Changes in the processing operations of the Motorboat Registration and Commercial License Section would have a negative impact on customer service by delaying turnaround time, reducing productivity, and delaying deposits. In

addition, such changes as would be required to completely segregate duties could negatively impact current Civil Service job allocations of employees in the section.

**Anticipated completion date for corrective action:** Evaluation of the processes of the Circulation and Accounts Receivable Sections along with implementation of any changes in procedure which are deemed feasible and productive will be completed by February 1, 2005.

**No check log or count of checks prepared (Circulation/Marketing Section, Accounts Receivable Section, and Motorboat Registration and Commercial License Section)**

While we understand the auditors' position that it is important to verify the completeness of deposits, we do not believe the practice of check logs or counts to be practicable or effective considering the nature and needs of our processing functions. Limited staffing in the Circulation and Accounts Receivable Sections and the work flow structure in the Motorboat Registration and Commercial License Section would prohibit this from being a segregated duty thereby negating the internal control purpose of such a practice.

Checks received are intended as payment for a registration, a license, or a magazine; receipts/deposits are balanced to the systems which process the registrations, licenses, and magazines. If a check is not deposited, the object of payment (registration, license, or magazine) will not be processed, and the customer who remitted the check would notify us of the nonreceipt of the object of payment.

Satisfactory customer service is a key objective for these sections. We support and utilize sufficient internal controls to provide reasonable protection against fraud while not sacrificing timely processing and deposit of funds.

**No supervisory review of master record changes in the magazine system (Circulation/Marketing Section)**

**Person(s) responsible for corrective action:**

Marianne Burke, Public Information Director  
Linda Allen, Administrative Specialist

**Corrective action planned:** Someone other than the person(s) who enters master record changes and prepares batch deposits shall review and verify each batch (record to source documentation) and deposit amount on a daily basis. Work processed by student workers will be reviewed by Linda Allen. Work processed directly by Ms. Allen will be approved by her supervisor (currently vacant) or by Marianne Burke. We will develop written procedures to establish these controls.

**Anticipated completion date for corrective action:** Staff in this section will be instructed immediately of the need for supervisory review. Written procedures will be completed by February 1, 2005.

**Circulation Section deposits not timely reviewed by supervisor (Circulation/Marketing Section)**

**Person(s) responsible for corrective action:**

Marianne Burke, Public Information Director  
Linda Allen, Administrative Specialist

**Corrective action planned:** There will be daily review of deposits by a supervisor. Deposits prepared by Linda Allen will be reviewed by her supervisor (currently vacant), by Marianne Burke, or by Nancy Hunter in the Fiscal Division. We will develop written procedures to establish these controls.

**Anticipated completion date for corrective action:** Staff in this section will be instructed immediately of the need for daily supervisory review of deposits. The written procedures will be completed by February 1, 2005.

**No reconciliation of bank deposits to accounting records for alligator revenue**

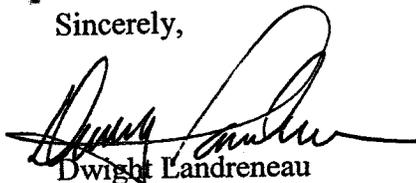
**Person(s) responsible for corrective action:**

Marie Starns, Accountant Manager  
Nancy Hunter, Accountant

**Corrective action planned:** Utilizing reports generated from the alligator license/harvest system maintained by staff at Rockefeller Refuge and deposit data in the state's accounting system (AFS), reconciliations between the two systems will be performed monthly. The reconciliations will be performed by Nancy Hunter in the Fiscal Revenue Section; she is completely independent from the alligator-related functions performed at Rockefeller and other district offices.

**Anticipated completion date for corrective action:** The monthly reconciliations will be performed for fiscal year 2004-2005 beginning with July, 2004.

Sincerely,



Dwight Landreneau  
Secretary

# State of Louisiana



Dwight Landreneau  
Secretary

Department of Wildlife & Fisheries  
Post Office Box 98000  
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(225) 765-2800

Kathleen Babineaux Blanco  
Governor

April 27, 2004

Grover C. Austin, CPA  
First Assistant Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804

Ref: Audit Finding: Inadequate Inventory Control Procedures

Dear Mr. Austin:

The department concurs with this finding. The following corrective actions are planned to resolve this finding:

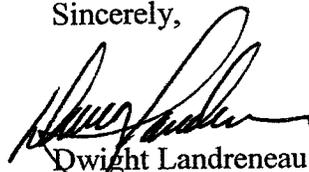
- The Fiscal Division will, under the direction of Wynnette Kees, Fiscal Officer, conduct training on inventory accounting and procedures for those departmental units which maintain a consumable goods inventory to be reported in the Annual Financial Report (AFR). The estimated completion date for this action is March, 2005.
- Under the direction of Marie Starns, Accountant Manager, the Fiscal Division accountants that prepare the AFR will verify that correct procedures are used by persons responsible for the inventories and that correct amounts are reported on the AFR, and assist with independent reviews where applicable. This action will be performed each year during preparation of the AFR beginning with the fiscal year 2003-2004 report.
- To address the issue of a lack of segregation of duties, the Enforcement Division quartermaster unit has developed procedures which direct preparation of quarterly reports of all purchases and distributions. These reports will be prepared by Sergeant Jimmy Carter and reviewed by Major Joey Broussard. Major Brian Spillman is responsible for oversight of these procedures. This action has been implemented with the quarterly period of January through March, 2004.

- Regarding the office supply inventory maintained by the Administrative Services Division, the department is aware of the problems in this area. One possible solution would be the development of a policy wherein it would not be required to report inventories which have a value of less than \$25,000. The \$10,000 inventory for this unit is not material to the department's financial statement, and setting reportable limits is an acceptable accounting practice. Wynnette Kees, Fiscal Officer, will work with the Office of Statewide Reporting to investigate this option.

In order to address the specific concerns of the auditors, written procedures will be developed to ensure segregation of duties, accuracy of pricing, and reconciliation of physical count to records. Charlotte Naquin, Purchasing Director, will be responsible for writing procedures and implementing corrective action by June 30, 2004.

- Regarding the inventory of items for resale maintained by the Public Information Division, the department recognizes the problems in this area and is in the process of evaluating solutions to correct the problems. Wynnette Kees, Fiscal Officer, and Marianne Burke, Public Information Director, are responsible for corrective action in this area. Procedures will be developed to address reconciling the physical count with inventory records and correct valuation of items (cost). The estimated completion date is June 30, 2004, in time for proper reporting on the 2003-2004 AFR.

Sincerely,



Dwight Landreneau  
Secretary



KATHLEEN BABINEAUX BLANCO  
GOVERNOR

**State of Louisiana**  
DEPARTMENT OF WILDLIFE AND FISHERIES  
OFFICE OF SECRETARY

DWIGHT LANDRENEAU  
SECRETARY

August 6, 2004

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

Re: Audit Finding: Deficiencies in Information Systems Security and Disaster  
Recovery/Contingency Plan

Dear Mr. Theriot:

The department concurs with this finding and recommendation. A description of the corrective action planned and status of corrective action implementation for each of the two components of this finding follows:

**Deficiencies in Information Systems Security**

**Person(s) responsible for corrective action:**

Wynnette Kees, Fiscal Officer  
Joan Goings, Human Resources Director  
Susan Newsom, Security Administrator (AFS)  
Yvette Buckner, Security Administrator (AGPS, CMFS)

**Correction action planned:** Revise previously established procedures to ensure that (a) disabling terminated employees' access to the state's financial/purchasing systems is done immediately upon termination; (b) initial and continued access profiles are at a business-need only level; and (c) security actions sent to OSIS have been processed correctly.

**Status of correction action:** Security Administration Procedures have been revised (copy attached) effective July 30, 2004. The OIS Help Desk was consulted to determine how to verify that security actions are processed correctly. The procedures now include what system screens to review as well as a provision for evaluation of user access to confirm business-need only profiles and a process for timely disabling of user access for terminating employees.

The revised procedures also include a change in the method of notification of terminating employees. Instead of using an ISIS-HR system-generated report biweekly, the Human Resources Director will notify all timekeepers of their responsibility to immediately inform the Security Administrators for the accounting and purchasing systems (as well as other units which have a need to know this information) of employee terminations.

(It should be noted that we were informed by OIS that fulfilling user identification/access requests could take several days or more to complete depending upon workload.)

### **Deficiencies in Disaster Recovery/Contingency Plan**

#### **Person(s) responsible for corrective action:**

David Dousay, IT Director

**Corrective action planned:** Under the direction of the department's Undersecretary, Janice Lansing, the IT Director will be responsible for development of a Disaster Recovery/Business Contingency Plan which would encompass department-wide (statewide) operations. The department recognizes the importance of assuring the timely resumption of critical operations in the event of a disaster especially since there is increasing dependency on computers and telecommunications for all phases of our operations.

The existing disaster recovery plan is limited in scope; it mainly covers rebuilding servers and back-up of data. We are currently rebuilding our web server using information contained in the plan. In the short-term, to address a specific audit comment, the department will implement storage of back-up data off-site. This can be done either through the use of a commercial contractor or by doing a remote back-up to another facility using our network. We will evaluate both options in terms of cost effectiveness and efficiency to determine which option best meets our needs.

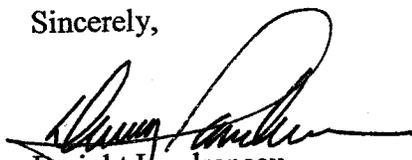
To expand our current plan to a fully comprehensive disaster recovery and business contingency plan (DR/BCP) is a major undertaking. Preliminary research into the subject of disaster recovery shows this to be a multi-faceted and lengthy project. The initial tasks for the IT Director will be to:

- Determine whether to use commercial software for guiding and formatting
- See what resources might be available through the state's Office of Information Technology and other state agencies
- Define the scope and objectives of the plan
- Assemble a project team consisting of appropriate department staff
- Develop a work plan
- Develop a time schedule for all phases of the planning process.

**Anticipated completion date for corrective action:** The specific issue of off-site storage of back-up data will be accomplished no later than December 31, 2004. However, we expect that completion of the comprehensive DR/BCP will take up to two years.

If any further information is needed, please contact Janice Lansing, Undersecretary, at 765-2860.

Sincerely,



Dwight Landreneau  
Secretary