

MANAGEMENT OVERSIGHT OF FUNDS AND OPERATIONS
DEPARTMENT OF WILDLIFE AND FISHERIES



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED NOVEMBER 9, 2016

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 9, 2016

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Taylor F. Barras
Speaker of the House of Representatives

Dear Senator Alario and Representative Barras:

This report includes the results of the procedures we performed at the Department of Wildlife and Fisheries (LDWF) for the period from July 1, 2014, through June 30, 2016. Our objective was to evaluate controls LDWF uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. I hope the information in this report will assist you in your legislative and operational decision-making processes.

We would like to express our appreciation to the management and staff of LDWF for their assistance during our work.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

GM:EM:BQD:EFS:aa

LDWF16

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Management Oversight of Funds and Operations Department of Wildlife and Fisheries

November 2016

Audit Control # 80160001

As part of the legislative audit process, we provide an auditee with a draft report prior to completion. An auditee then has the opportunity to review the draft report and provide us with additional information that may be included in our final report. On September 21, 2016, the media obtained a copy of the draft report from an unknown party and published news stories based on that draft report. Since then, we have completed the audit process and revised the report based on additional information provided to us. Any conclusions drawn from previous news stories about the draft report should be reconsidered in light of this additional information.

Introduction

We conducted procedures at the Department of Wildlife and Fisheries (LDWF) to evaluate certain controls LDWF uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds.

LDWF is responsible for the management of the state's renewable natural resources including all wildlife and aquatic life. The control and supervision of these resources are assigned to LDWF in the Constitution of the State of Louisiana of 1974, Article IX, Section 7 and in revised statutes under Title 36 and Title 56. LDWF's mission is to manage, conserve, and promote wise utilization of the state's renewable fish and wildlife resources and their supporting habitats through replenishment, protection, enhancement, research, development, and education for the social and economic benefit of current and future generations; to provide opportunities for knowledge of and use and enjoyment of these resources; and to promote a safe and healthy environment for users of the resources.

Findings and Recommendations

We evaluated LDWF's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of applicable laws and regulations. Based on the documentation of LDWF's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to LaCarte Purchasing Card (credit card) charges, movable property, payroll expenses, and other charges that resulted in findings and recommendations. Overall, our procedures identified a lack of management oversight over LDWF funds and operations, which resulted in the following deficiencies:

- LDWF's lack of financial and operational oversight over the nearshore segment of the British Petroleum Exploration & Production Inc. (BP) Tissue Sampling Program resulted in deviations from the LDWF Seafood Safety Testing Sampling Protocol (protocol), costs that appear excessive, and missing state property (see pages 2-10).
- LDWF's lack of management oversight over purchasing, sponsorships, and contracts resulted in questionable purchases totaling \$763,929 (see pages 11-13).
- LDWF's purchase of an aircraft without a proper inspection could cost the state up to \$580,000 in repairs (see pages 13-17).
- LDWF made a questionable purchase of a \$220,000 Catamaran that was only used twice from 2012 to 2016. During that timeframe, LDWF incurred expenses totaling almost \$38,000 to maintain and repair the vessel (see pages 17-20).
- LDWF did not properly oversee the Louisiana Saltwater Series or the License to Win! Sweepstakes, which may result in donations of state resources or ineffective programs (see pages 20-22).
- LDWF did not properly account for property, including drones and guns (see pages 22-24).
- LDWF did not ensure that time sheets and leave were properly approved (see pages 24-25).

These deficiencies, along with our recommendations and management's plan to address them, are discussed in detail below. Appendix A contains full responses from the current LDWF secretary (A.1), the Division of Administration (A.10), the former LDWF secretary (A.12), the former LDWF Assistant Secretary for the Office of Fisheries (A.34), and a former LDWF Marine Operator (A.40).

LDWF's lack of financial and operational oversight over the nearshore segment of the BP Tissue Sampling Program resulted in protocol deviations, costs that appear excessive, and missing state property.

LDWF lacked financial and operational oversight over the nearshore segment of the BP Tissue Sampling Program in Venice, Louisiana (Venice team). We examined LDWF transactions for the Venice team and determined that from December 4, 2010, through August 8, 2014, LDWF spent at least \$3,050,085 to obtain 1,091 fish tissue samples (\$2,796 per fish) from the Gulf of Mexico. LDWF records and statements from LDWF employees indicate that this team made purchases that appear excessive and unnecessary, allowed state property to go missing, and did not adhere to the protocol. By failing to properly administer the nearshore segment of the BP Tissue Sampling Program and associated

funds, LDWF management and employees did not adhere to the protocol, as required by the BP Memoranda of Understanding (MOU) (see Appendix B), and state law.^{1,2} According to a report issued by the Louisiana Department of Health (LDH), all sample results of the program were below levels of concern.

The state of Louisiana (including LDWF) entered into a signed MOU with BP on November 18, 2010, following the Deepwater Horizon Oil Spill in the Gulf of Mexico (from April 20, 2010, through July 15, 2010). The MOU established that BP would pay LDWF \$18,000,000 to develop and administer a Seafood Testing Program (program) intended to address seafood markets and supporting market industries that may have been negatively affected by the spill. During the program's three-year period, LDWF requested and received \$10,500,000 (of the \$18,000,000) from BP. A final report, *Louisiana Seafood Safety and Monitoring Plan Sample Results (4/30/2010 – 1/31/2014)*, issued in September 2015, prepared by LDH, stated, "All sample results were below levels of concern, meaning that any substances detected were below concentrations that could potentially threaten the public's health."

<http://www.ldh.la.gov/assets/oph/Center>

[EH/envepi/fishadvisory/Documents/BP_Report_September_2015_FINAL.pdf](http://www.ldh.la.gov/assets/oph/Center/EH/envepi/fishadvisory/Documents/BP_Report_September_2015_FINAL.pdf)

The MOU required LDWF to test finfish and shellfish seafood groups for oil and its components but allowed LDWF the discretion to develop a more detailed scope of work and protocol for the testing. In accordance with the MOU, LDWF developed a detailed protocol outlining the samples of inshore (shrimp, crab, and finfish), nearshore (shrimp, crab, pelagic,³ and reef fish⁴), oysters, and sediment that would be collected for testing.

The focus of this finding centers on allegations received by the Louisiana Legislative Auditor regarding the collection of nearshore pelagic and reef fish by LDWF staff. All nearshore pelagic and reef fish collections were based in Venice, Louisiana and directed by now former LDWF Marine Operator Eric Newman. According to his official job description, Mr. Newman was primarily responsible for operating and maintaining vessels. The Venice team consisted of several LDWF employees including biologists, technicians, and former LDWF Marine Operator Monique Savoy, who later became Mr. Newman's wife.

¹ **Louisiana Revised Statute (R.S.) 42:1461** states, in part, officials and employees of any public entity assume a personal obligation not to misappropriate, misapply, convert, misuse, or otherwise wrongfully take any funds, property, or other thing of value belonging to or under the custody or control of the public entity in which they hold office or are employed.

² **The Louisiana Administrative Code** requires that all movable property with 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 the item. It also requires entities to conduct an annual physical inventory of movable property and report any unlocated movable property to LPAA.

³ Pelagic fish are defined as living in the pelagic zone (being neither close to the bottom nor near the shore) of the ocean or lake waters. According to LDWF's Seafood Safety Plan, the species of fish to be sampled included tuna, wahoo, dolphin, king mackerel, and Spanish mackerel.

⁴ Reef fish are defined as living in close relation to reefs. According to LDWF's Seafood Safety Plan, the species of reef fish to be sampled included snapper, grouper, amberjack, croaker, sand/silver seatrout, and cobia.

Deviations in LDWF Seafood Safety Testing Sampling Protocol

LDWF did not adequately administer or oversee the Venice team's sampling of nearshore reef and pelagic fish, as evidenced by its failure to adhere to the required protocol. According to LDWF's protocol for the nearshore reef and pelagic segment, a certain number of samples (edible flesh from a relevant fish) were to be obtained from Gulf of Mexico zones (western, central, and eastern). The protocol states the sites will be selected to best represent areas of greatest recreational and commercial fishing activity. The sample would be cut from the fish caught by LDWF employees, wrapped in an appropriate bag, and labeled uniquely. The LDWF employee would then complete a chain of custody form with the species of fish, the date the sample was obtained, the site (latitude and longitude), and the person relinquishing and receiving the sample. The sample would then be mailed or delivered to the LDH lab for testing.

Our review of the samples collected and submitted by the Venice team revealed the following deviations:

- Required number of samples was not obtained:** In accordance with the protocol, the Venice team was tasked with obtaining 36 samples of reef fish and 30 samples of pelagic fish per month for a total of 2,376 samples during the program's three-year period. The Venice team collected only 1,091, or 46% of the total samples required.

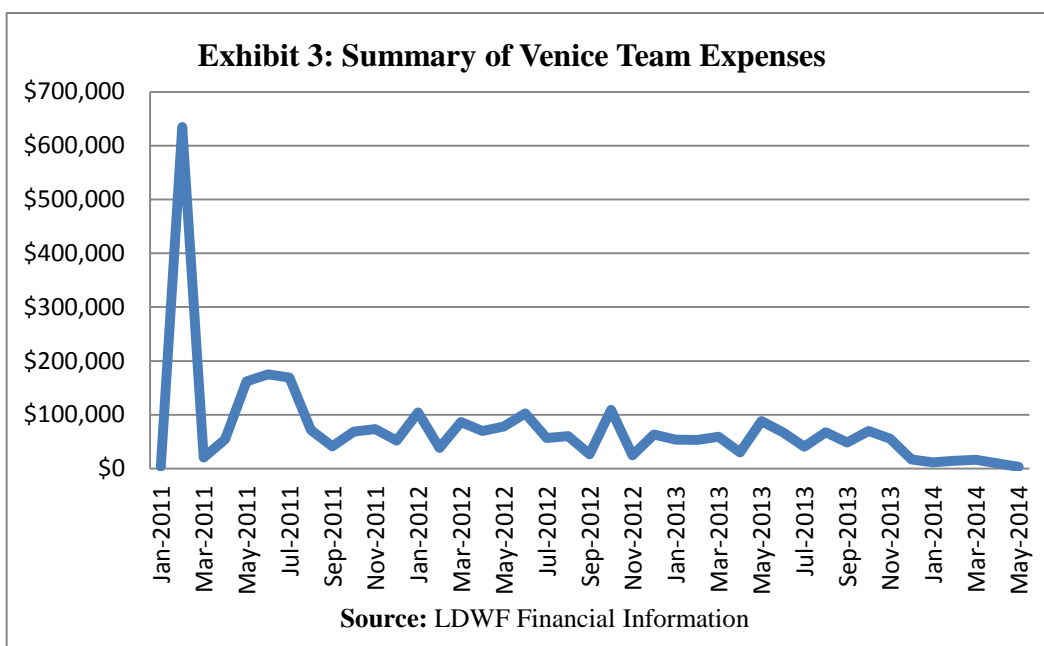
Exhibit 1: Summary of Samples Collected by the Venice Team		
Zone	Samples Collected	Percentage Collected by Zone
Western	202	18%
Central	347	32
Eastern	542	50
Total	1,091	100%
Source: LDWF scientific information		

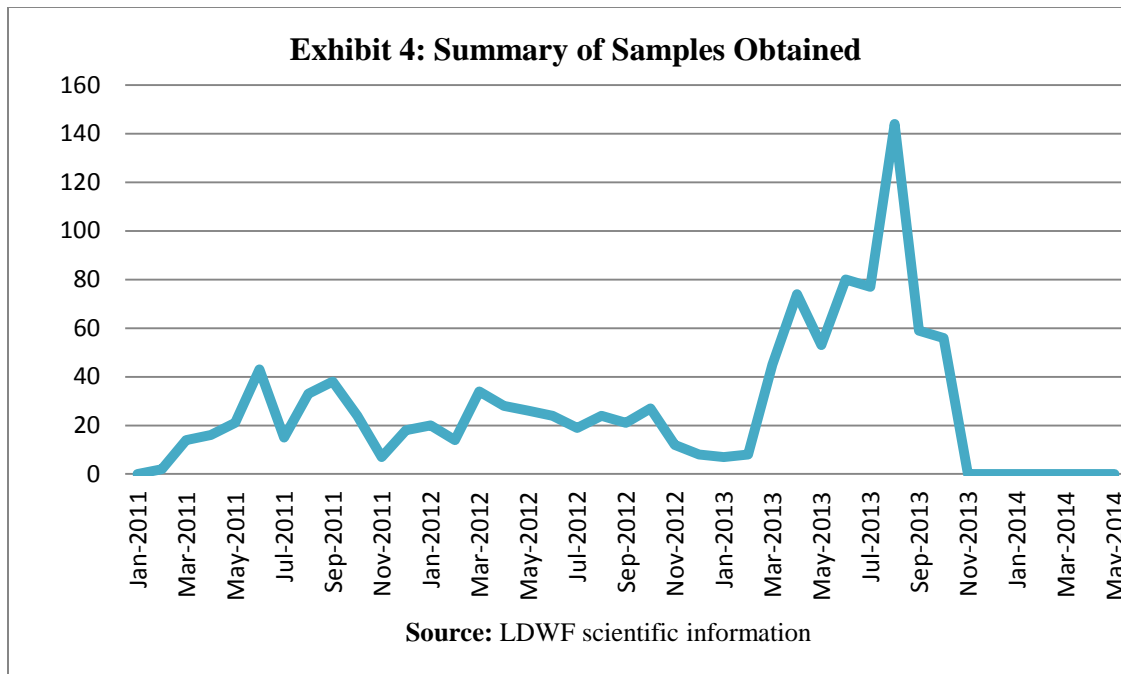
- Samples were held at the Venice location without being timely submitted for testing:** Records indicate that the Venice team regularly took in excess of one week to deliver the samples to the lab. The protocol states samples processed should be shipped to the appropriate laboratory within 24 hours, and if delivery is anticipated on weekends (or greater than 24 hours), the samples must be shipped and arrive frozen. We found that 61% of the samples collected by the Venice team remained in their custody for greater than seven days before being sent to the lab for testing. In 36 cases, samples were retained for more than 30 and as many as 61 days.

The Venice team collected only 1,091 of 2,376 (46%) fish required to be sampled in accordance with the protocol at a cost of \$3,050,085 or \$2,796 per fish, as shown in Exhibits 2-4. This amount included purchases of \$2,283,574 (see Summary of Purchases on the following page) and payroll disbursements of \$766,511 for the Venice team.

Exhibit 2: Analysis of Venice Team Expenses					
Month	Samples Obtained	Expenses	Month	Samples Obtained	Expenses
January 2011	0	\$3,933	October 2012	27	\$109,048
February 2011	2	634,658	November 2012	12	24,569
March 2011	14	20,218	December 2012	8	63,153
April 2011	16	54,024	January 2013	7	53,687
May 2011	21	162,018	February 2013	8	53,049
June 2011	43	175,075	March 2013	45	59,310
July 2011	15	169,149	April 2013	74	30,218
August 2011	33	71,479	May 2013	53	88,376
September 2011	38	41,137	June 2013	80	67,438
October 2011	24	68,619	July 2013	77	40,418
November 2011	7	73,408	August 2013	144	67,364
December 2011	18	52,055	September 2013	59	48,256
January 2012	20	104,022	October 2013	56	69,864
February 2012	14	37,979	November 2013	0	55,250
March 2012	34	86,345	December 2013	0	17,110
April 2012	28	70,073	January 2014	0	11,549
May 2012	26	78,078	February 2014	0	14,435
June 2012	24	102,306	March 2014	0	16,189
July 2012	19	56,398	April 2014	0	9,726
August 2012	24	60,449	May 2014	0	3,248
September 2012	21	26,405	Total	1,091	\$3,050,085

Source: LDWF financial and scientific information





Although the team usually consisted of three to five employees, these employees (with the exception of Mr. Newman and Ms. Savoy) changed during the program, resulting in 10 LDWF employees being involved. In total, four marine operators, a maintenance repairer, a fisheries technician, and four biologists were paid for 20,896 regular hours totaling \$605,296 and 4,525 overtime hours (paid at time and a half) totaling \$161,215. LDWF could not provide evidence to support the number of employees necessary to complete the objectives outlined in the protocol. In addition, Mr. Newman acknowledged that he performed additional duties unrelated to the tissue sampling program.

Summary of Purchases

Our review of LDWF records for the \$3,050,085 spent by the Venice team from December 4, 2010, to August 8, 2014, included purchases totaling \$2,283,574 (the remaining \$766,511 was disbursed for payroll). These purchases were made using state credit cards (\$677,585) and the formal LDWF purchasing process (\$1,605,989) for boats, fishing and water sports equipment, lodging, vehicles, household supplies and groceries, clothing, cameras, and other items. During our review of the purchases made by the Venice team, we noted the following purchases, some of which appear excessive:

- \$943,671 for Boats:** In 2011 and 2012, LDWF spent \$644,985 to purchase two used offshore boats and one new bay boat for the Venice team's use. Venice team employees also initiated or used their state credit cards for boat repairs, maintenance, storage, and improvements totaling \$298,686. According to members of the Venice team still employed at LDWF, Mr. Newman only allowed one boat to be utilized at a time, and they never operated two crews or two boats at once. Mr. Newman stated that one boat was necessary for offshore and another was necessary for inshore, or shallow waters. According to Mr. Newman, the

third boat was a backup for the offshore boat; however, he stated this boat was not operational for at least eight months. It is unclear why this boat was not properly surplused.

- **\$345,641 for Fishing and Water Sports Equipment:** During the program, Venice team members purchased an abundance of fishing and water sports equipment including the following: 225 rods and reels, 25 YETI® coolers, spear guns, scuba gear, a paddle board, and several binoculars. The number of rods, reels, coolers, and other items purchased appears to be disproportionate to the number of fish caught (1,091) and users (one team, usually consisting of three to five people) at any given time. For example, 225 rods and reels were used to catch 1,091 fish, or 4.8 fish per rod and reel. In addition, according to former members of the Venice team, many of the items including scuba gear, a paddle board, and blue marlin gear were either not used and/or not needed. Mr. Newman stated that items for scuba diving were used for tagging whale sharks and for spear fishing; however, tagging and spear fishing are not mentioned in the protocol.
- **\$318,900 for Lodging:** From April 2011 through April 2014, LDWF spent (on average) \$8,511 per month to house LDWF Venice team employees in a houseboat and then a camp in Venice, Louisiana. The Venice team employees also made purchases totaling \$3,999 on their state credit cards that appear to be for repairs or improvements to the leased camp. An accurate log of camp users was not maintained. LDWF Program Manager Brett Falterman stated that once he became program manager in 2013, he made efforts to use the camp to support other LDWF groups, but Mr. Newman strongly resisted those efforts.
- **\$187,086 for Vehicles:** LDWF purchased three new trucks totaling \$85,478 and a recreational vehicle (RV), depicted below, with a purchase price of \$89,860 for Mr. Newman and the Venice team's use. Venice team employees also made purchases on their state credit cards totaling \$11,748 for vehicle repairs, maintenance, and parts. According to LDWF records, the RV was used by one team member in late 2011 and throughout 2012 (while the camp was also being leased). The three trucks appear to have been used by Mr. Newman, Ms. Savoy, and LDWF Marine Operator Kyle Smith, all of whom worked exclusively for the program with one another.



- **\$111,318 for Groceries, Clothing, and other Employee Expenses:** Venice team employees spent a combined \$42,463 (\$1,180 per month) on clothing. Many of these purchases were classified as “sampling supplies” or “sampling gear;” however, a detailed review of these receipts revealed that these purchases included shorts, shirts, and sandals. These individuals also spent a combined \$65,178 (\$1,811 per month) on groceries and other household items and \$3,678 for certain employees to obtain certifications for scuba diving and vessel operations.
- **\$26,237 for Cameras, Computers, and Other Electronics:** LDWF purchased cameras and camera equipment totaling \$18,219. Neither LDWF’s program protocol nor the BP MOU required photos to be submitted with tissue samples. LDWF Biologist Cijii Marshall stated that photos were never taken of the samples and that there was no official use for the cameras. According to Andy Fischer, director of Fisheries Management, Mr. Newman purchased these cameras for promotional and outreach work. However, LDWF employees stated that Ms. Savoy saved the photos/videos on an external hard drive, which LDWF does not have. The Venice team also purchased several Apple iPads and computers totaling \$8,018. However, according to the biologists who were responsible for recording and submitting the samples, they did not use any of these devices to process their samples. Mr. Newman stated the cameras were needed to document fish abnormalities and to post pictures on the LDWF website.
- **\$7,411 for Other Programs:** Venice team credit card purchases appear to be for giveaway items for the Louisiana Saltwater Series⁵ and other LDWF initiatives but were classified as BP Tissue Sampling Program expenses (see pages 20-22). It should be noted that there was no promotional or outreach component to this program. However, as part of the written agreement with BP, \$30,000,000 was granted to the Louisiana Wildlife and Fisheries Foundation (LWFF) for a seafood marketing program to promote the results; therefore, any promotional and outreach expenses should have been incurred and paid by the LWFF.

Mr. Fischer was tasked with approving Mr. Newman and other Venice team members’ credit card logs (and time sheets) each month and stated he felt he had no control over Mr. Newman or the team. Mr. Fischer indicated that when he would constantly question Mr. Newman’s submissions, Mr. Randy Pausina, former assistant secretary for the Office of Fisheries, would call him shortly after and instruct him (Mr. Fischer) “to just approve it.” E-mail records confirm that requests and/or questions regarding purchases, inventories, and program management sent to Mr. Newman were often forwarded to Mr. Pausina, who then interceded on Mr. Newman’s behalf. According to Mr. Fischer, Mr. Pausina told him that the program being ran out of Venice was his (Mr. Pausina’s) and “to just approve it.”

⁵ The Louisiana Saltwater Series was developed in 2010 by LDWF in conjunction with the LWFF (a nonprofit organization) to promote the conservation of Louisiana’s sport fish resources.

Missing State Property

Property totaling at least \$54,957 was purchased with LDWF funds by the Venice team from September 2010 through October 2013 that is no longer in LDWF's possession. These items included rods and reels (more than one hundred), YETI® coolers, and other sporting equipment. We examined credit card and standard purchases of the Venice team employees and compiled a selective fishing and sporting equipment listing. We consulted with current LDWF employees to obtain an understanding of non-inventoried property purchased by the Venice team currently in the possession of LDWF. After obtaining verification of the property on hand, we found that these items were no longer possessed by LDWF.

LDWF's written policies on fixed assets indicate that all property items with values greater than \$1,000 and all electronic items with values greater than \$250 should be tagged and included on LDWF's fixed asset listing.⁶ Of the purchases mentioned above, two binoculars with a purchase price totaling \$5,890 were not tagged or included on the fixed asset listing. The remainder of the items could be considered high risk for theft or abuse but were not required to be tagged or included on the fixed asset listing. According to Mr. Falterman, Mr. Pausina considered rods, reels, and other sporting equipment to be "consumable goods," which are treated as supplies and not tagged or inventoried. In addition, former LDWF Internal Auditor Patrick Bateman raised concerns about these property items to Mr. Pausina and former LDWF Secretary, Robert Barham. In response, Mr. Pausina indicated that Mr. Newman was keeping a separate inventory of these items, which he (Mr. Pausina) personally inspected at the Venice camp and "everything looked good." Mr. Bateman requested Mr. Newman's inventory but never received it and did not feel he could question it further because of Mr. Pausina's declarations. LDWF does not currently have an inventory of consumable goods produced by Mr. Newman.

According to LDWF employees, these items were kept in a locked storage room at the Venice camp and moved to a storage unit at the end of the program. LDWF Fisheries Technician Phil Kent stated that he, Mr. Newman, Ms. Savoy, Mr. Falterman, and Mr. Smith were the only LDWF employees with keys to the storage room. According to Mr. Falterman, once he was made aware of items disappearing by LDWF employees, he requested to change the locks on the camp and storage room; however, Mr. Pausina told him he could not change the locks.

We attempted to speak with Mr. Pausina regarding the program, but Mr. Pausina declined to speak with us on the advice of his legal counsel.

By failing to properly administer the nearshore segment of the BP Tissue Sampling Program and associated funds, LDWF management and employees did not adhere to the protocol, as required by the BP MOU (see Appendix B) and state law.⁷

Recommendation 1: LDWF management should develop and implement policies and procedures to ensure that all funds received are appropriately spent and that all programs are properly managed and monitored.

⁶ See footnote 2.

⁷ See footnotes 1 and 2.

Summary of Management's Response: LDWF staff will be retrained on key policies and procedures and management has been directed to ensure all policies and procedures are properly followed. See Appendix A.1 for LDWF's full response.

Recommendation 2: LDWF management should evaluate and consider adding additional requirements to the current LDWF policy for high-risk movable property items that are not required by law to be included in the inventory. In addition, LDWF management should require all employees to follow all property control policies and procedures.

Summary of Management's Response: LDWF is currently developing policy and procedures to fully account for high risk movable property items. After all high risk items have been identified, LDWF intends to use the LaGov system to track them. In the interim, LDWF is developing and utilizing an internal non-tagged inventory system to track items that do not currently fall under the guidelines for tagged property items. See Appendix A.1 for LDWF's full response.

Recommendation 3: LDWF management should restrict the number of state credit card holders to only team supervisors or leaders and properly train all purchase card holders on policies and procedures.

Summary of Management's Response: As a corrective action, LDWF has reduced the total number of purchasing cards from 413 to 118. This represents a 71% reduction in the number of cards. Management has also reduced the monthly credit limit on each card from \$20,000 to \$5,000. This has resulted in an 87% reduction of annual credit exposure. See Appendix A.1 for LDWF's full response.

Recommendation 4: LDWF management should require all purchasers to adequately document the business purpose on each purchase and create purchasing policies for all common and regularly occurring purchases such as clothing (uniforms).

Summary of Management's Response: LDWF has implemented a strict pre-approval and post-reconciliation process for all purchasing-card transactions. Purchasers are now required to include a detailed description/business justification of the purchase. See Appendix A.1 for LDWF's full response.

Recommendation 5: LDWF management should verify that all overtime is necessary and approved by the appropriate supervisor and ensure adequate supervision over employees and their program responsibilities.

Summary of Management's Response: Administration and management have been instructed to ensure that this policy is properly followed. See Appendix A.1 for LDWF's full response.

Lack of management oversight over purchasing, sponsorships, and contracts resulted in questionable purchases totaling \$763,929.

Uniforms

Clothing and uniform purchases totaling \$283,675 for shirts, pants, jackets, gloves, hats, waterproof shoes, boots, rain suits, waders, specialized gear, and monogramming were made by LDWF divisions that do not have formal written policies. Although the Enforcement Division has formal written policies and procedures for the purchase and use of uniforms, the remaining divisions do not. Excluding the Enforcement Division, a summary of clothing and uniform purchases during the period July 1, 2014, through December 31, 2015, follows:

Exhibit 5: Clothing and Uniform Purchases		
Division	Total Payments	Average per Employee
Office of Wildlife	\$212,356	\$672
Office of Fisheries	63,385	\$225
Office of Management and Finance	5,881	\$137
Office of the Secretary	2,053	\$121
Total	\$283,675	
Source: LDWF financial information and LaGov		

Of these purchases, \$3,206 did not have sufficient documentation to ensure that the purpose was reasonable for official state business. These purchases were ordered for executive management employees and included 13 pairs of waterproof shoes, eight waterproof fishing jackets and pants, one women's trench coat, one women's rain coat, and one women's fleece vest. Without a formal policy, LDWF may have violated the Louisiana Constitution, which prohibits the donation of public funds.

Sponsorships

LDWF made improper purchases totaling \$188,805 as a result of four sponsorship agreements with the New Orleans Pelicans NBA, LLC; Outfront Media Sports, Inc.; as manager of LSU Sports Properties; and Lost Key Publishing, DBA Guy Harvey Magazine. LDWF exceeded its delegated purchase authority of \$5,000 for each of these sponsorships without approval from the Division of Administration (DOA) and did not have completed signed agreements for two of these sponsorships. Of these purchases, LDWF did not provide justification that the expenditure created a public benefit proportionate to its cost for payments totaling \$107,100 and may have violated the Louisiana Constitution, which prohibits the donation of public funds.

Artificially Divided Payments

LDWF state credit card users artificially divided 101 payments totaling \$157,725 to seven vendors without obtaining prior approval from DOA (see Exhibit 6). The maximum single daily purchase limit and LDWF's delegated purchase authority⁸ is \$5,000.

Exhibit 6: Artificially Divided Payments			
Vendor	Number of Payments	Amount	Description of Purchase
Suretemps	19	\$38,286	Payments to temporary employees working at White Lake Wetlands Conservation Area.
Lamberts Heating and Air	56	36,121	Repairs and maintenance of air conditioning, heat, and generators at LDWF headquarters.
NASP, Inc.	12	28,566	Archery supplies for the Archery in Louisiana Schools program.
National Bank and Tag	4	19,917	Alligator tags (106,000) for use in the alligator program.
Alabama Tag & Burlap Co.	3	14,994	Burlap bags (30,951) for use in the alligator program.
Documart	5	10,344	Rules and regulations brochures for crab, shrimp, oyster, and finfish fishermen and stickers for Office of Fisheries trucks.
White Oak Plantation	2	9,497	Catering services for an event related to the removal of the Louisiana Black Bear from the lists of threatened and endangered species.
Total	101	\$157,725	
Source: LDWF financial information and Bank of America WORKS application			

Contracts

LDWF entered into two contracts with the University of New Orleans for mobile applications and web developments that included a project for the design, implementation, and maintenance of mobile application and web development of a website for the benefit of private entities (Faux Pas Lodge, LLC and the Fourchon Oilman's Association) that host annual invitational fishing rodeos. This website (geauxfishlarodeo.com) hosts online team registration, leaderboards showing live results during rodeo weigh-ins, and event statistics. Prorating the total cost of the contracts, approximately \$133,724 is associated with the design, implementation, and maintenance of the website. However, LDWF did not provide justification that these expenditures created a public benefit proportionate to the cost and may have violated the Louisiana Constitution, which prohibits the donation of public funds.

⁸ DOA set the delegated purchase authority for LDWF at \$5,000 in accordance with R.S. 39:1566. The delegation of authority applies, in part, to operating services and requires approval prior to purchase.

LDWF management overrode controls and did not have adequate controls in place to ensure compliance with the state's purchasing policies and procedures.^{9,10} Inadequate controls over purchases increase the risks that errors or fraud could occur and remain undetected.

Recommendation 6: LDWF management should provide more effective oversight of purchases such as annual training, exception reporting, physical observation of items purchased, and reviewing purchases for official state business use.

Summary of Management's Response: LDWF has coordinated with the Office of State Procurement and has implemented a new procedure to handle sponsorships. Any and all sponsorships now require direct approval of the Secretary. See Appendix A.1 for LDWF's full response.

Recommendation 7: LDWF management should evaluate the department's need for clothing, and if warranted, develop a formal policy for the purchase and use of uniforms by department employees.

Summary of Management's Response: LDWF is in the process of creating and implementing a Uniform Policy for both the Office of Fisheries and the Office of Wildlife. The intent of the policy is to ensure that any uniform or other apparel purchased has an underlying public purpose and provides a legitimate public benefit. Management has put a freeze on any uniform purchases until the proposed policy is adopted and fully implemented. See Appendix A.1 for LDWF's full response.

LDWF's purchase of an aircraft without a proper inspection could cost the state up to \$580,000 in repairs.

In August 2015, LDWF used federal grant funds totaling \$1.8 million to purchase a used aircraft but did not comply with a directive from the Louisiana Division of Administration (DOA), Office of State Procurement (OSP) to obtain an inspection of the aircraft prior to purchase. Nor did LDWF exercise reasonable due diligence in determining the value of the aircraft and in using the aircraft. As a result, damages to the aircraft noted after the purchase could expose the state's self-insurance program to liability of a minimum of \$238,400 up to \$580,600 in repairs.

⁹ The Louisiana LaCarte credit card policy states that purchases should never be artificially divided to avoid state credit card purchasing limits. The policy also states that any purchase of supplies, equipment, operating services, and/or major repairs must comply with proper purchasing procedures, rules and regulations, Louisiana statutes, and Executive Orders and requires the state credit card to be used for official state business only and not for personal use.

¹⁰ **The Louisiana Constitution Article VII Section 14(A)** states, in part, "Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

Rationale for Purchase

In August 2015, former LDWF Secretary Robert Barham requested approval and assistance from OSP to purchase a used, 2012 Quest Kodiak 100 aircraft from Banyan Air Services, Inc. (Banyan), a regional aircraft dealer in Fort Lauderdale, Florida. The Kodiak was to replace an older aircraft at a price of \$1.8 million, which appeared to have been a savings over the cost of a new model at \$2.1 million. According to LDWF, the aircraft fit its needs because it could be configured for use in several different missions including waterfowl surveys, search and rescue, transportation, cargo and equipment, and surveillance. Brian Dorsa, LDWF's pilot, stated that the Kodiak aircraft could seat up to 10 passengers, allowing more scientists/biologists and equipment to conduct waterfowl surveys, unlike LDWF's Cessna aircraft that seats four passengers. In addition, he stated that the aircraft's engine was powerful enough to fly at low altitudes and had the ability to climb faster than the Cessna in a problematic situation.



Inspection and Purchase

R.S. 39:360 provides that DOA shall establish a uniform policy for all state agencies for the use of state owned motor vehicles and aircraft by state employees. In addition, R.S. 39:362(D) provides that DOA may promulgate additional rules, regulations, and restrictions as may be necessary to govern the purchase or management of fleet vehicles. Austin Bacham, OSP procurement officer, stated that OSP does not require bids for the purchase of used aircraft; however, OSP is required to approve the purchase. He stated that because this was a used aircraft, approval to purchase the aircraft was contingent on LDWF obtaining an inspection of the aircraft and authorization from the Office of Aircraft Services (Aircraft Services), the state's agency responsible for maintenance, repairs, and inspections of state aircraft.

Banyan delivered the aircraft to LDWF's airport hangar in Baton Rouge, Louisiana on September 1, 2015, for the required pre-purchase inspection of the aircraft. The aircraft's Federal Aviation Administration (FAA)-required maintenance records indicated that the aircraft had last been inspected on September 15, 2014, during its mandated annual inspection, approximately 11 months earlier. Per FAA regulations, this aircraft was required to have its next annual inspection completed on or before September 30, 2015 to remain in airworthy status. According to Larry Kidwell, director of Aircraft Services, during the delivery of the aircraft Brian Dorsa told him not to take any panels off of the aircraft. Without doing so, a thorough pre-purchase inspection of the aircraft could not be conducted. Mr. Kidwell stated that the salesman preferred that the inspection be conducted by Banyan at its dealership in Florida. Mr. Kidwell indicated that allowing the company selling the aircraft to perform the inspection in another state was unacceptable. Mr. Kidwell stated that because they were not allowed to properly inspect the aircraft, they performed a walk-through of the aircraft, and from its external appearance, the aircraft looked to be in excellent condition. In addition, Mr. Kidwell's office was allowed to have a video scope inspection and oil analysis of the aircraft's engine. It should be noted that these procedures fall significantly short of a typical pre-purchase inspection. According to

Mr. Dorsa, Mr. Lynn Thomas, a salesman for Banyan, told him that because the aircraft was not owned by Banyan, he (Mr. Thomas) could not authorize it to be disassembled for inspection.

Records indicate that LDWF purchased the aircraft on September 3, 2015, prior to receiving the results of the video scope inspection on September 4, 2015. As stated previously, the purchase order was issued contingent upon the successful inspection of the aircraft. Mr. Bachman stated that he never received a confirmation from Aircraft Services indicating it inspected the aircraft. OSP does not receive a copy of the final inspection report.

Mr. Thomas stated that he did not prevent the state mechanics from performing a thorough inspection. He also stated that he was not aware that the FAA required annual inspection was due within the month. Furthermore, he stated that he was not aware of any damage to the aircraft at the time of delivery.

Lack of Due Diligence

It does not appear that LDWF exercised reasonable due diligence with regard to the purchase, including determining the accurate value of the aircraft. While LDWF's request to purchase the aircraft, submitted to OSP, included the purchase price of \$1.8 million, the department did not obtain an independent valuation of the aircraft to determine its actual fair market value. Furthermore, there is no evidence in the procurement files indicating that LDWF sought to determine the value through alternative means such as online aircraft valuation services or price comparisons to other similar aircraft. In addition, while the purchase order clearly specifies that the purchase is subject to an inspection of the aircraft at the Baton Rouge airport, as noted previously, a thorough pre-purchase inspection was not enforced by LDWF.

Use of Aircraft in Violation of FAA Regulations

FAA regulations, FAR Part 91, Section 409 provides that no one may operate an aircraft unless it has undergone a mechanical inspection within the preceding 12 months. As noted above, LDWF purchased the aircraft on September 3, 2015, with only 27 days remaining until its next mandated inspection was due. Though LDWF did not obtain the mandated inspection, it continued to operate the aircraft until December 17, including carrying passengers, in violation of FAA regulations.

Damages

LDWF records later indicate that after a series of 20 flights by LDWF's pilot from October 2015 to December 2015, Aircraft Services began an annual inspection of the aircraft and determined that the aircraft had significant structural damage to its landing gear. However, there were no recorded damages to the landing gear by Banyan prior to LDWF's purchase of the aircraft or damages during flights made by LDWF's pilot.

Upon observation of the damages, Mr. Corey Miller, Quest Aircraft Company, LLC, indicated that the damage appears to have been caused by an extreme hard landing or a landing in which the aircraft struck a hard surface, such as the edge of runway pavement. According to LDWF records, Mr. Dorsa stated that he is not aware of any hard landings while he operated the aircraft.

Because there is no record to indicate the aircraft was damaged prior to purchase and the aircraft was purchased without proper approval from OSP, LDWF filed a claim with the Office of Risk Management, the state's self-insured program, subjecting the program to a minimum of \$238,400 up to \$580,600 in liability for repairs to the aircraft.



Recommendation 8: LDWF management should ensure that proper purchasing procedures are followed and that any approvals and/or inspections are obtained prior to purchase.

Recommendation 9: LDWF management should require pre-purchase inspections on used equipment as it provides the buyer an opportunity to research and investigate every aspect of the potential purchase. The pre-purchase inspection should include a thorough inspection of the mechanical, as well as cosmetic, condition of used equipment. For aircraft, the pre-purchase inspection should be performed by a FAA-certified airframe and power plant mechanic or an approved repair station.

Summary of Management's Response for Recommendations 8 and 9: LDWF has instituted a policy that discourages the purchase of used equipment unless there is strong justification for doing such. The policy requires that any purchase of used equipment have direct approval from the Secretary and that strict adherence to OSP requirements is mandatory. See Appendix A.1 for LDWF's full response.

Summary of the Division of Administration's Response: The Office of Aircraft Services intends to develop and implement procedures to include notifying the Commissioner of Administration when requirements for conducting pre-buy inspections on used aircraft are not allowed to be conducted prior to purchase. See Appendix A.10 for the Division of Administration's full response.

Recommendation 10: LDWF management should seek to determine whether the damages occurred prior to the purchase by forensic means such as an examination by a metallurgical engineer. If the analysis concludes the damage occurred prior to purchase, management should recover repair costs for damages to the airplane either through the warranty guaranteed by Banyan, insurance, or through other legal remedies, as needed.

Summary of Management's Response: LDWF is currently investigating this matter internally and will explore all available options, including legal remedies, to recoup any and all costs and damages associated with the purchase and repair of the aircraft. See Appendix A.1 for LDWF's full response.

LDWF made a questionable purchase of a \$220,000 Catamaran that was only used twice from 2012 to 2016. During that timeframe, LDWF incurred expenses totaling almost \$38,000 to maintain and repair the vessel.

In February 2012, LDWF used grant funds totaling \$220,000 to purchase a catamaran, motors for this vessel, and a trailer that appeared to have little or no benefit to the agency. In addition, records indicate that from February 2012 to March 2016, LDWF incurred expenses totaling \$37,873 to maintain and repair the vessel. Furthermore, because the vessel was seldom used, LDWF failed in its responsibility to properly surplus it in a timely manner. As a result, LDWF may have deprived the state and federal authorities of potential savings and return of funds from the sale.

Inspection and Purchase

LDWF records indicate that on November 4, 2010, Myron Fischer, LDWF biologist dual career ladder-B, began inquiry relating to the purchase of a used, 2007 45-foot Hysucraft Catamaran (dual hull) work vessel (the Eagle Ray) from Jamie Lee Gaspard, owner of Eagle Ray Charters, LLC in Batchelor, Louisiana. Mr. Myron Fischer stated that a survey of the Eagle Ray performed by Kevin Martin of Arthur H. Terry & Co., LLC indicated that the value at its present condition and age was \$245,000. Mr. Myron Fischer further stated that the vessel was to be used for the Southeast Area Monitoring and Assessment Program (SEAMAP). He stated that LDWF did not purchase the Eagle Ray at that time because Mr. Gaspard had taken it off the market.



On July 18, 2011, Brian Hardcastle, LDWF biologist manager at Grand Isle, engaged Mr. Martin, on LDWF's behalf, to conduct a pre-purchase and valuation survey of the Eagle Ray. Mr. Martin's survey showed deficiencies with the vessel related to maintenance and quality standards of its equipment and machinery and concluded that the current fair market value of the vessel was approximately \$220,000. Since Mr. Martin does not test or inspect engines or attached components, including transmissions, clutches, or V-drive units, Colemar Services, Inc. (Colemar) was selected to survey the Eagle Ray's engine. According to Colemar's survey, the vessel had issues with its turbos, cooling system, and transom steering knuckles. The Eagle Ray also had excessive oil leaks, salt water in the oil, and engines that did not achieve the required RPM to perform at specifications. As a result, Colemar recommended that LDWF not purchase the vessel until the engines could perform at specifications.

On August 1, 2011, Mr. Gaspard sent Randy Pausina, former assistant secretary for the Office of Fisheries, an offer to sell the Eagle Ray to LDWF “as is” for \$220,000, including the trailer. On August 4, 2011, former LDWF Secretary Robert Barham sent a letter requesting approval from OSP to purchase the vessel. According to the letter, the vessel was surveyed by Mr. Martin, who determined that it needed \$9,000 in repairs which Mr. Gaspard agreed to perform prior to the sale (these repairs did not include the items identified by Colemar). The letter stated that the cost to purchase a new vessel was estimated to be \$495,000, and that by purchasing the used vessel, LDWF would realize a cost savings of approximately \$275,000. LDWF used federal grant funds totaling \$220,000 to purchase the Eagle Ray on February 6, 2012. The purchase included the vessel, two used motors, and a trailer.

Use of Catamaran

LDWF maintains a log to record the use of all its vessels. Vessel operators use the logs to record the date of use, beginning and end hours of operation, fuel usage, destination to/from, and purpose of the trip. We examined these logs and determined that from February 2012 to March 2016 (50 months), the Eagle Ray was used only twice: once on June 2, 2014 (29 months after purchase) for SEAMAP, and a second time on January 29, 2015, to release turtles into the Gulf of Mexico.

Repairs

Mr. Hardcastle stated that when the Eagle Ray was purchased, LDWF was told the vessel was running and in good condition but later found that it had problems with its outdrives, transmission, and other mechanisms. Mr. Fischer indicated that when the Eagle Ray was purchased, he was aware that it needed work. The propellers were not the correct size/length and the motors had bad turbo chargers. He stated that the engines worked but were not achieving the correct amount of RPMs. LDWF incurred expenses totaling \$37,873 to maintain and repair the vessel from February 2012 to January 2015, as shown in Exhibit 7:

Exhibit 7: Eagle Ray Repairs and Maintenance		
Month	Cost	Description
February 2012	\$578	Parts
March 2012	686	Fuel
April 2012	634	Parts
June 2012	625	Repair
July 2012	4,776	Repair
November 2012	10,865	Repair and maintenance
December 2012	1,999	Repair
January 2013	260	Fuel
April 2013	11,338	Parts and repair
May 2013	35	Parts
September 2013	3,166	Parts and repair
November 2013	200	Parts
March 2014	335	Parts
April 2014	130	Parts
September 2014	395	Repair
January 2015	1,852	Permit, parts, fuel, and repair
Total	\$37,873	
Source: LDWF invoices		

Additional Catamaran Purchase

On April 20, 2012, approximately two and a half months after purchasing the Eagle Ray, LDWF purchased the Kvichak Defender I (Defender), a used, 54-foot Patrol/Research Catamaran vessel for \$1.5 million using BP grant funds. Mr. Fischer indicated that he coordinated the purchase of the Eagle Ray and the Defender. He stated that during a visit to the Grand Isle Marine Lab, Mr. Pausina saw a photo of the Defender in a boat magazine and instructed him to purchase the vessel. Mr. Fischer stated that the Defender was purchased to replace the Eagle Ray. According to Mr. Pausina, the Defender and Eagle Ray were purchased primarily to do monthly SEAMAP. He stated that the Eagle Ray was a backup to the Defender.

Because the Eagle Ray was purchased in February 2012, replaced with another vessel in April 2012, and was used only twice, LDWF management had a responsibility to properly surplus the Eagle Ray through LPAA. By not doing so, LDWF may have deprived the state and federal authorities of potential savings and return of funds from the sale of the vessel.

Recommendation 11: LDWF management should evaluate the current fleet of vessels and determine the need and necessity for each vessel. Prior to the purchase of any new or used vessel, LDWF management should justify and document the need.

Recommendation 12: LDWF management should follow LPAA procedures and properly surplus any unused or unnecessary equipment.

Summary of Management’s Response for Recommendations 11 and 12: Based on the lack of use and the recommendations of Fisheries staff, LDWF has taken action to surplus the Eagle Ray. Additionally, LDWF has recently completed a comprehensive review of all department-owned vessels and equipment and plans to immediately surplus any and all vessels and equipment that are no longer viable or efficient for department use. See Appendix A.1 for LDWF’s full response.

LDWF did not properly oversee the Louisiana Saltwater Series or the License to Win! Sweepstakes, which may result in donations of state resources or ineffective programs.

LDWF did not have adequate controls over a cooperative endeavor agreement (CEA) with the LWFF and did not develop written operating procedures specific to the Louisiana Saltwater Series (LASS) program or the License to Win! Sweepstakes.

In 2004, LDWF entered into a CEA with the LWFF; however, this CEA is non-specific and does not identify any coordinated programs. According to the CEA, the LWFF is a nonprofit corporation organized exclusively for charitable, scientific, and educational purposes. The LWFF’s purpose and mission is to develop, expand, and improve facilities of LDWF and to enhance LDWF’s ability to perform its constitutional and statutory mission. LDWF and the LWFF have worked in coordination on different programs and promotions throughout the years. We reviewed the LASS and the License to Win! programs.

LASS is a catch-and-release saltwater fishing series created in 2010 by LDWF and the LWFF. The series awards cash prizes to anglers which are funded 100% by angler entry fees. The administrative costs of the program are funded by the LWFF and LDWF. LDWF has used several sources of funding for this program, including the Artificial Reef Fund, BP Tissue Sampling Program, and federal funds.

LDWF and the LWFF decided to partner to run a promotion titled the License to Win! Sweepstakes. According to the department, the intent of the sweepstakes was to thank anglers for their support and improve LDWF’s ability to contact anglers through a brief fishing effort survey, LA Creel. The intent of LA Creel is to allow LDWF to better manage fisheries and maximize the amount of fishing opportunities for Louisiana anglers. This promotion launched June 1, 2015, and ran through May 31, 2016 (the 2015-2016 license year). The program included monthly drawings for donated items such as YETI® ice chests, Shimano gear, and gift cards from Whole Foods, Academy Sports and Outdoors, and Texaco. The grand prize was a donated 22-foot bay boat, trailer, and motor.

Our review of the LASS program and the License to Win! Sweepstakes disclosed the following deficiencies:

- LDWF did not establish written policies and procedures specific to the LASS program; therefore, we cannot determine if the following LaCarte card purchases were proper. During fiscal years 2010 through 2014, two LDWF employees

purchased promotional giveaway items for fishing rodeo tournaments totaling a minimum of \$56,052 that were paid from state funds. The items included 4,150 koozies; 1,553 shirts, hats, and jackets; 400 tippet cutters; 370 12-function multi-tools; 275 magnet camouflage flashlights; and 45 mesh fish bags. The current LASS program manager stated that these items were provided to attendees, vendors, and LDWF employees to promote the LASS program.

- Although LDWF began tracking LASS expenditures in fiscal year 2014, expenditures were not tracked from the program’s inaugural year in fiscal year 2010 through fiscal year 2013.
- LDWF did not perform monitoring procedures for items donated to the LASS program and to the License to Win! Sweepstakes and did not maintain a listing of items or funds donated, including item descriptions and amounts, and donor information. LDWF employees solicited and received cash donations (made payable to the LWFF) totaling \$30,000 for the 2015 and 2016 LASS series from Daybrook Fisheries and Omega Protein who engage in the processing of Menhaden (a fishery that is regulated by LDWF in state waters), which may have violated the state’s ethics laws. In addition, the License to Win! Sweepstakes grand prize boat did not include the correct Hull Identification Number until the auditor notified LDWF management prior to the drawing.

LDWF did not establish a comprehensive set of monitoring tools to ensure that program specialists were making prudent purchases and adequately tracking expenditures. Mr. Pausina, stated in a January 2011 email to, “Order whatever we need to ensure the success of the Series![sic].” The absence of written policies and procedures increases the risk that employees will not perform duties in accordance with management’s intentions. The absence of a written agreement with the LWFF specific to the LASS program and to the License to Win! Sweepstakes increases the risk that the state or the LWFF will not adequately fulfill its role and/or could lead to a donation of state resources inconsistent with the Louisiana Constitution.^{11,12} Without adequately tracking expenditures, management is unable to determine program costs or effectiveness. Ineffective monitoring increases the risk that items may be lost, stolen, or otherwise misappropriated.

Recommendation 13: LDWF management should provide more effective oversight by establishing program-specific written procedures and agreements and monitor to ensure purchases are prudent and expenditures are adequately tracked.

Summary of Management’s Response: In an effort to tighten controls and clarify responsibilities, LDWF entered into a new CEA with LWFF. LDWF will implement written procedures to ensure that any and all donated merchandise is properly inventoried

¹¹ See footnote 10.

¹² **R.S. 42:1115 (B)** states no public employee shall solicit or accept, directly or indirectly, anything of economic value as a gift or gratuity from any person of from any officer, director, agent, or employee of such person, if such public employee knows or reasonably should know that such person (1) conducts operations or activities which are regulated by the public employee’s agency or (2) has substantial economic interests which may be substantially affected by the performance or nonperformance of the public employee’s official duty.

and tracked, and that LDWF is properly reimbursed (pursuant to the CEA) for any departmental resources used to aid the LWFF in furtherance of its mission. In addition, after a thorough review of the License to Win! Sweepstakes and the Louisiana Saltwater Series fishing tournament, management concluded that neither of these programs/initiatives were consistent with the core mission of LDWF and has discontinued them. See Appendix A.1 for LDWF's full response.

LDWF did not properly account for property, including drones and guns.

LDWF management overrode controls and did not maintain adequate internal controls over movable property items, including drones and guns. In addition, LDWF did not maintain accurate information in the state's movable property system. Our review disclosed the following:

- LDWF management and other employees did not comply with state law by improperly operating four unmanned aircraft systems (drones) with a total original acquisition cost of \$7,799.
- The Office of Fisheries purchased three drones for \$5,000 in August 2014 at the direction of Mark Schexnayder, deputy undersecretary, with approval from Mr. Pausina. Mr. Schexnayder stated that within a week after the purchase, LDWF received a verbal directive from the Office of the Governor prohibiting the use of drones by state agencies. Two of these drones (total acquisition cost of \$3,333) were damaged after receipt of the Governor's directive.

Mr. Schexnayder stated that although he was aware of the Governor's directive he, Mr. Pausina, and a public information director used the drones for "unofficial" state business and brought the drones home to practice flying a "half-dozen" times. Mr. Pausina and the public information director confirmed the use of these drones at their homes. Memory cards from the drones contained videos and pictures of Mr. Schexnayder and Mr. Pausina operating the drones at their personal residences in the presence of their families.

- The Office of Wildlife purchased an additional drone for \$2,799 in November 2014 for use at the Rockefeller Wildlife Refuge; however, the drone was lost in the marsh at the Refuge. The purchaser claimed he was never made aware of the Governor's directive. However, other LDWF employees, including an attorney and the Enforcement Division colonel, confirmed they were aware of the Governor's directive but could not provide evidence that the directive was communicated appropriately to all LDWF employees.

- A test of assets purchased from July 1, 2014, to December 31, 2015, disclosed that seven (26%) of 27 assets with a total acquisition cost of \$12,716 were not included in the state's movable property system. These purchases were made seven to 11 months prior to the date of our test and included tools, tractor equipment, and trailers.
- LDWF's 2015 annual certification of property inventory was disapproved by LPAA because sensitive items were unlocated. The 2016 annual inventory included four sensitive items that remained unlocated, including the following:
 - Sig Sauer P220 pistol assigned to an Enforcement Division agent. A police report was filed documenting that the pistol was stolen from the agent's vehicle at a convenience store. However, since there was no evidence of forced entry during the theft, the pistol was not removed from inventory.
 - Sig Sauer P239 pistol assigned to the previous Enforcement Division colonel. From 2007 through 2013, the colonel certified that he was in possession of the pistol. After he retired, the Enforcement Division failed to locate the firearm and later determined that the pistol was returned to Sig Sauer for a credit in September of 2007. Because of conflicting information received by LPAA during the previous annual inventories, this item remains listed as unlocated.
 - Remington 1100 shotgun assigned to the previous Enforcement Division colonel. For the years preceding his retirement in 2013, the colonel certified he was in possession of the shotgun. After he retired, the Enforcement Division failed to locate the firearm and determined that the shotgun was destroyed in a fire at LDWF headquarters in approximately 1992. Because of conflicting information received by LPAA during the previous annual inventories, this item remains listed as unlocated.
 - Savage Mark 1 .22 rifle used in the Hunter Education program was lost while on loan to the LSU Extension Service at Camp Grant Walker for 4-H. A police report was filed documenting the statement from an LDWF employee that the rifle was missing. This item remains listed as unlocated.

LDWF management has not provided adequate oversight of employees to ensure adherence with established movable property policies. Failure to comply with state equipment regulations increases the risk that assets may be misappropriated, lost, or stolen.¹³

Recommendation 14: LDWF management should ensure that information included in the state's movable property system is accurate and complete and that sensitive equipment is safeguarded. Management should also emphasize established policies

¹³ See footnote 1.

through training and guidance. Management should establish policies to ensure that directives received from the Office of the Governor are distributed and followed by department personnel.

Summary of Management's Response: LDWF is in the process of creating internal policies that ensure that sensitive and high risk movable property is safeguarded. This will include but not be limited to using the state's LaGov system applications for use in tracking sensitive movable property, and creating policies that ensure that LDWF employees are properly trained and mandated to update LDWF inventory accordingly. See Appendix A.1 for LDWF's full response, including updated information on the guns.

LDWF did not ensure that time sheets and leave were properly approved.

LDWF did not maintain adequate internal controls over time and attendance resulting in time statements that were not certified by employees and/or approved by a supervisor, and employee leave and overtime that was not approved by a supervisor. LDWF did not update its written time and attendance policies and procedures for the electronic certification of employee time statements in the department's time and attendance application, Cross Application Time Sheet (CATS).

Our review of system reports for the time period June 22, 2015, through January 31, 2016, identified the following exceptions:

- 517 (6%) of 9,150 time statements were not certified by the employee.
- 918 (10%) of 9,150 time statements were not approved by a supervisor.
- 2,102 automatic postings, totaling 12,566 hours, for employee recorded leave or overtime were not approved by a supervisor. The CATS system will allow leave and overtime entries to automatically post to a time statement if the supervisor does not approve or reject the entries before the time statement is locked. In our review of 60 auto-postings, 23 (38%) were included on a time statement that was not approved by the supervisor, which resulted in 406 hours of unapproved leave taken or overtime earned.

In addition, our review of 20 time statements identified 14 (70%) system reports, which were not printed and retained by time administrators. These reports should be used for monitoring certification and approval of time statements, leave, and overtime.

Good internal control should ensure that policies and procedures over time and attendance are written and followed; time and attendance records are properly certified and approved; and adequate monitoring of time and attendance data is performed timely to identify possible errors and overpayments. Civil Service regulations require each employee and the appointing authority or his agent to certify on each payroll or subsidiary document the fact of the actual rendering of

service in the position, the actual number of hours of attendance on duty, and the number of hours of absence from duty. Failure to develop and implement good internal controls over time and attendance increases the risk that payroll errors or fraud could occur and remain undetected.

Recommendation 15: LDWF management should update its written policies and procedures for time and attendance to ensure that employees, supervisors, and time administrators are aware of their responsibilities. Policies and procedures should be enforced to ensure that any time and attendance errors are identified and corrected timely.

Summary of Management's Response: Human Resources is now located in the LDWF headquarters building, and will assume a lead role in providing checks and balances to employees and supervisors. LDWF has also taken steps to update and re-issue the policy under the new administration. See Appendix A.1 for LDWF's full response, including the corrective actions the department has taken to address deficiencies with its time and attendance procedures.

Additional Procedures Performed

In addition to performing procedures on LaCarte purchasing card charges, movable property, payroll expenses, and other charges as previously described, we performed procedures related to LDWF's commercial licenses and fees, civil penalties, Public Oyster Seed Ground Development deposits, and travel expenses.

Commercial License Fees

Licenses, permits, and fees are collected by either the licensing revenue section, located at LDWF headquarters, or independent vendors. LDWF uses independent vendors to sell licenses, including recreational (hunting and fishing), motorboat, and commercial. Based on the results of our procedures, the appropriate licenses, permits, and fees were collected, recorded, and timely deposited.

Civil Penalties

LDWF is directed by R.S. 56:40.3 to assess civil restitution penalties for the value of injured or destroyed wildlife or aquatic life when violations occur. Based on the results of our procedures, LDWF has adequate policies and procedures in place for assessing and collecting civil penalties.

Public Oyster Seed Ground Development

LDWF is directed by R.S. 56:434 to establish and maintain an adequate vigilant watch and control over the areas designated as oyster seed grounds and oyster seed reservations. The department is authorized to collect and accept and receive funds or materials as compensation for impacts associated with activities occurring on or over the public oyster seed grounds and seed reservations. Subject to appropriation by the legislature, the monies in the Public Oyster Seed Ground Development account are to be used solely to enhance the state's public oyster seed grounds through siting, designing, permitting, constructing, monitoring, and cultch disposition. Based on the results of our procedures, LDWF has adequate policies and procedures in place to identify potential violators and ensure that proper compensation is received for impacts to the designated areas.

Travel Expenses

LDWF incurs travel expenses for employees, LDWF commission members, and volunteers for routine travel (related to normal duties); or non-routine travel such as attending non-routine meetings, conferences, and out of state travel. Typical LDWF travel expenses include lodging and meals for overnight travel and transportation. Based on the results of our procedures, LDWF has adequate policies and procedures in place to ensure that travel costs are supported and necessary, properly approved by an appropriate supervisor, and in accordance with departmental and state guidelines.

APPENDIX A: REPORT RESPONSES

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Robert Barham, Former LDWF Secretary	A.12
Randy Pausina, Former LDWF Assistant Secretary for the Office of Fisheries	A.34
Eric Newman, Former LDWF Marine Operator <i>(Note: Attachments to this response are located HERE.)</i>	A.40



JOHN BEL EDWARDS
GOVERNOR

State of Louisiana
DEPARTMENT OF WILDLIFE AND FISHERIES

CHARLES J. MELANCON
SECRETARY

November 1, 2016

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

RE: Louisiana Department of Wildlife & Fisheries Response to
Management Oversight of Funds and Operations Procedural Report

Dear Mr. Purpera:

The following serves as the official response of the Louisiana Department of Wildlife and Fisheries (LDWF) to the Management Oversight of Funds and Operations Procedural Report issued by the Louisiana Legislative Auditor.

This procedural audit report involved the actions taken by LDWF management under a previous administration. Current management has diligently investigated these matters in an effort to properly address the issues and respond to this audit report accordingly. LDWF's current management cannot respond to decisions made by previous management. Therefore, my staff and I can only address the issues raised in this report in a prospective manner.

In addition to the corrective actions which have already been taken by LDWF management related to the specific concerns outlined in the report, I have ordered a complete internal review of all existing LDWF operations, contracts and agreement. This was done so that that LDWF can serve our state in an efficient manner, uphold ethical standards, and conserve our resources. In furtherance of this internal review, LDWF has also engaged independent external auditors and consultants to fully review all LDWF operations and management practices.

In serving as LDWF Secretary for less than a year, trust that I was very disturbed to learn that LDWF deviated from its core mission and best management practices. Such deviations have undoubtedly contributed to many of the problems cited in your report. It should also be noted that the mismanagement of any resources entrusted to LDWF (whether wildlife, fisheries, and/or fiscal resources) will not be tolerated.

As Secretary, I am committed to making LDWF an open, transparent, ethical and efficient agency. I am also committed to instilling this same philosophy with all LDWF staff. I am confident that the reforms I am putting in place, once fully implemented, will result in focused, efficient and ethical operations of LDWF.

The substance of the report, as well as further corrective actions, are already being considered and will continue to be addressed when the report is made final and available to the public. LDWF pledges its continued cooperation with the Legislative Auditor Office on these and all associated matters.

Thank you for the time and attention you and your staff have provided to LDWF. Please do not hesitate to contact me if you have any questions, or require further information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles J. Melancon". The signature is fluid and cursive, with a large initial "C" and "M".

Charles J. Melancon
Secretary

Enclosure

Cc: The Honorable John Bel Edwards, Governor
State of Louisiana
The Honorable John Alario, President
Louisiana Senate
The Honorable Taylor Barras, Speaker
Louisiana House of Representatives

**DEPARTMENT OF WILDLIFE & FISHERIES' RESPONSE TO
MANAGEMENT OVERSIGHT OF FUNDS AND OPERATIONS
PROCEDURAL REPORT**

LDWF's lack of financial and operational oversight over the BP nearshore segment of the BP Tissue Sampling Program resulted in protocol deviations, costs that appear excessive, and missing state property.

Recommendation 1: LDWF management should develop and implement policies and procedures to ensure that all funds received are appropriately spent and that all programs are properly managed and monitored.

LDWF acknowledges these findings as they relate to this recommendation.

Over the time period in question, numerous policies and procedures were in place to ensure funds were appropriately spent and programs were appropriately monitored and managed. On numerous occasions, LDWF employees notified their appointing authority of the lack of proper program management and expressed concerns over inappropriate use of funds. LDWF staff will be retrained on key policies and procedures. LDWF management has been directed to ensure all policies and procedures are properly followed. Noncompliance with this mandate will result in the appropriate disciplinary action.

Recommendation 2: LDWF management should evaluate and consider adding additional requirements to the current LDWF policy for high risk movable property items that are not required by law to be included in the inventory. In addition, LDWF management should require all employees to follow all property control policies and procedures.

LDWF acknowledges these findings as they relate to this recommendation.

LDWF is currently developing policy and procedures to fully account for high risk movable property items that are not required by law to be included in inventory. LDWF has access to the LaGov system application to track sensitive inventory. LDWF enforcement utilizes a coordinated system application track sensitive inventory. LDWF management is in the process of evaluating all departmental inventory to better understand which property items are in fact "high risk movable property". After all such items have been classified accordingly, LDWF intends to use the LaGov system to track the same. In the interim, LDWF is developing and utilizing an internal non-tagged inventory system to track items that do not currently fall under guidelines for tagged inventory items.

Recommendation 3: LDWF management should restrict the number of state credit card holders to only team supervisors or leaders and properly train all purchase card holders on policies and procedures.

LDWF acknowledges these findings as they relate to this recommendation.

As a corrective action, LDWF has reduced the total number of purchasing cards from 413 to 118. This represents a 71% reduction in the number of cards. Along with reducing the actual number of purchasing cards, management has reduced the monthly credit limit on each card from \$20,000 to \$5,000. This has resulted in an 87% reduction of annual credit exposure.

Recommendation 4: LDWF management should require all purchasers to adequately document the business purpose on each purchase and create purchasing policies for all common and regularly occurring purchases such as clothing (uniforms).

LDWF acknowledges these findings as they relate to this recommendation.

LDWF has implemented a strict pre-approval and post-reconciliation process for all purchasing-card transactions made by employees. Additionally, purchaser is now required to include a detailed description/business justification of the purchase in the Vendor field, with a copy to Property Control documenting the purchase and purchaser.

Recommendation 5: LDWF management should verify that all overtime is necessary and approved by the appropriate supervisor and ensure adequate supervision over employees and their program responsibilities.

LDWF acknowledges these findings as they relate to this recommendation.

Administration and management have been instructed to ensure that this policy is properly followed. Noncompliance with this mandate will result in appropriate disciplinary actions.

Lack of management oversight over purchasing, sponsorships, and contracts resulted in questionable purchases totaling \$763, 929.

Recommendation 6: LDWF management should provide more effective oversight of purchases such as annual training, exception reporting, physical observation of items purchased, and reviewing purchases for official state business use.

LDWF acknowledges these findings as they relate to this recommendation.

LDWF has coordinated with the Office of State Procurement (OSP) and have implemented a new procedure to handle sponsorships. In addition, any and all "sponsorships" now require direct approval of the Secretary. LDWF management has instructed staff that strict adherence to OSP requirements and LDWF policy are mandatory.

Recommendation 7: LDWF management should evaluate the department's need for clothing and if warranted, develop a formal policy for the purchase and use of uniforms by

department employees.

LDWF acknowledges these findings as they relate to this recommendation.

LDWF is in the process of creating and implementing a Uniform Policy for both the Office of Fisheries and the Office of Wildlife which willingly govern not only the purchasing of uniforms, but also the inventorying and tracking of the same. The underlying intent of the policy is to ensure that any uniform or other apparel purchased by LDWF must have an underlying public purpose and provide a legitimate public benefit. In furtherance of this objective, LDWF acknowledges that the purchases of identifying apparel for employees on assignments serves to directly educate the public in situations where the public would need or value the identification of an LDWF employee. LDWF management has put a freeze on any purchasing of uniforms until such time as the proposed policy is adopted and fully implemented.

LDWF's Enforcement Division already has a formal policy for the purchasing and use of uniforms by enforcement officers. The necessity of uniforms for the remainder of LDWF's staff is not as consistent, and it varies from office to office, program to program, and job to job.

LDWF's purchase of an aircraft without a proper inspection could cost the state up to \$580,000 in repairs.

Recommendation 8: LDWF management should ensure that proper purchasing procedures are followed and that any approvals and/or inspections are obtained prior to purchase.

LDWF acknowledges these findings as they relate to this recommendation.

LDWF has instituted policy which discourages the purchase of used equipment unless and except there exists strong justification for doing such. Furthermore, the policy states that any purchase of used equipment must have direct approval from the Secretary.

Should there exist a justification for the purchase of used equipment, LDWF management has instructed staff that strict adherence to OSP requirements are mandatory. Noncompliance with this mandate, or any deviation from OSP requirements, will result in direct disciplinary actions.

Recommendation 9: LDWF management should require pre-purchase inspections on used equipment as it provides the buyer an opportunity to research and investigate every aspect of the potential purchase. The pre-purchase inspection should include a thorough inspection of the mechanical, as well as cosmetic condition, of used equipment. For aircraft, the pre-purchase inspection should be performed by a Federal Aviation Administration (FAA) certified airframe and power plant mechanic (A&P) or an approved repair station.

LDWF acknowledges these findings as they relate to this recommendation.

LDWF has instituted policy which discourages the purchase of used equipment unless and except there exists strong justification for making such. Furthermore, the policy states that any purchase of used equipment must have direct approval from the Secretary.

Should there exist a justification for the purchase of used equipment, LDWF management has instructed staff that strict adherence to OSP requirements are mandatory. Noncompliance with this mandate, or any deviation from OSP requirements, will result in direct disciplinary actions.

Recommendation 10: LDWF management should seek to determine whether the damages occurred prior to the purchase by forensic means such as an examination by a metallurgical engineer. Thereafter, if the analysis concludes the damage occurred prior to purchase, management should recover repair cost for damages to the airplane either through the warranty guaranteed by Banyan, insurance, through other legal remedies as needed.

LDWF acknowledges these findings as they relate to this recommendation.

LDWF is currently investigating this matter internally, and will explore all available options, including legal remedies, to recoup any and all costs and damages associated with the purchase and the repair of the aircraft.

LDWF made a questionable purchase of a \$220,000 Catamaran that was only used twice from 2012 to 2016. During that timeframe, LDWF incurred expenses totaling almost \$38,000 to maintain and repair the vessel.

Recommendation 11: LDWF management should evaluate the current fleet of vessels and determine the need and necessity for each vessel. Prior to the purchase of any new or used vessel, LDWF management should justify and document the need.

LDWF acknowledges these findings as they relate to this recommendation.

Based on the lack of use and the recommendations of Fisheries staff, LDWF has taken action to surplus the vessel indicated in the report (M/V Eagle Ray). Additionally, LDWF has recently completed a comprehensive report of all Department-owned vessels. Management is currently reviewing the information contained in this report and plans to immediately surplus any and all vessels which are determined to be no longer viable or efficient for Department use.

Recommendation 12: LDWF management should follow LPAA procedures and properly surplus of any unused or unnecessary equipment.

LDWF acknowledges these findings as they relate to this recommendation.

LDWF has recently completed a comprehensive review of all Department owned equipment. Management is currently reviewing the findings in this report and plans to

immediately surplus any and all equipment which is no longer viable or efficient for Department use.

LDWF did not properly oversee the Louisiana Saltwater Series or the License to Win! Sweepstakes, which may result in donations of state resources or ineffective programs.

Recommendation 13: LDWF management should provide more effective oversight by establishing program specific written procedures and agreements to ensure purchases are prudent and expenditures are adequately tracked.

LDWF acknowledges these findings as they relate to this recommendation.

LDWF was previously operating under a 2004 CEA with LWFF. In efforts to tighten controls and clarify responsibilities, LDWF entered into a new "Amended and Restated Cooperative Endeavor Agreement" dated August 29, 2016. Any new program initiated under the Amended and Restated Cooperative Endeavor Agreement will be expressly set forth in a separate and distinct CEA.

In addition to amending the CEA, and in supplementing the responses to Recommendations 1, 2, 3, 4, 6, LDWF is in the process of creating specific written procedures to monitor and ensure that all purchases are prudent and expenditures are adequately tracked. In focusing on this specific recommendation, LDWF is creating and will implement written procedures to ensure that any and all donated merchandise is properly inventoried and tracked, and that the LDWF is properly reimbursed (pursuant to the CEA) for any departmental resources used to aid the LWFF in furtherance of its mission.

Furthermore, after a thorough review of the License to Win! Sweepstakes and the Louisiana Saltwater Series fishing tournament, LDWF management concluded that neither of these programs/initiatives were consistent with the core mission of LDWF. Management has discontinued both the License to Win! Sweepstakes and the Louisiana Saltwater Series.

LDWF did not properly account for property, including drones and guns.

Recommendation 14: LDWF management should ensure that information included in the state's movable property system is accurate and complete and ensure sensitive equipment is safeguarded. Management should also emphasize established policies through training and guidance. Management should establish policies to ensure that directives received from the Office of the Governor are distributed and followed by department personnel.

LDWF acknowledges these findings as they relate to this recommendation.

In addition to the response stated with regard to Recommendation 2, LDWF is in the process of creating internal policies that ensure that sensitive and high risk movable

property are properly safeguarded. This will include but not be limited to using the state's LaGov system applications for use in tracking sensitive movable property, and creating policies that ensure that LDWF employees are properly trained and mandated to update LDWF inventory accordingly. Such training, at a minimum, will include any all directives received from the Office of the Governor and/or the Division of Administration.

LDWF regards sensitive items such as firearms with the strictest controls and safeguards. Since 2013, LDWF has implemented inventory controls to address sensitive inventory responsibilities for all enforcement personnel. Below is in response to the three individual sensitive items discussed in the audit which were under the jurisdiction and control of the LDWF Law Enforcement Division.

Specifically, LDWF Enforcement Division offers the following:

- The Sig Sauer P220 Pistol was stolen out of a law enforcement officer's vehicle; the Law Enforcement Division ensured an independent police agency conduct an investigation and complete a police report to document and report the incident and pistol theft from the vehicle. The Law Enforcement Division is not responsible to make the decision when to remove the item's information from inventory listing, only to turn in the proper paperwork to the agency's property control section indicating the pistol was stolen as a result of a crime committed against the agency and turn in copies of applicable police reports. The Law Enforcement Divisions responsibilities were upheld in this event.*
- The Sig Sauer P239 pistol was issued to "a" previous Enforcement Division Colonel, not "the" previous Enforcement Division's Colonel. The pistol referenced was physically returned to Sig Sauer for credit in September of 2007 in accordance with laws and policies as part of an exchange. The exchange period took place over a period of time. At no time was this pistol nor any other pistol physically unaccounted for or un-located. The pistol's property tag number and information did however remain on the agencies inventory listing because of clerical oversight until inventory records could be reconciled with exchange documents identifying any inconsistencies of listed information. The Law Enforcement Division conducted this reconciliation upon completion of the exchange, and the Law Enforcement Division identified the clerical error prior to this audit.*
- The Remington 1100 shotgun was assigned to "a" previous Enforcement Division Colonel not "the" previous Enforcement Division Colonel. The shotgun was determined to have been destroyed in a fire in 1992 and should have subsequently been removed from inventories in later years. The Law Enforcement Division subsequently corrected inventory documentation procedures as a result of this internal discovery in 2013.*

LDWF did not ensure that timesheets and leave were properly approved.

Recommendation 15: LDWF management should update its written policies and procedures for time and attendance to ensure that employees, supervisors, and time administrators are

aware of their responsibilities. Policies and procedures should be enforced to ensure that any time and attendance errors are identified and corrected timely.

LDWF acknowledges these findings as they relate to this recommendation.

As of July 18, 2016, Human Resources is now located in the LDWF headquarters building, and will assume a lead role in providing checks and balances to employees and supervisors. LDWF has also taken the necessary steps to update and re-issue the policy under the new administration.

Specifically, the following corrective actions have been taken in order to provide the adequate internal controls to address the deficiencies in our time and attendance procedures:

Certification by employees – the e-Certification policy has been updated to place emphasis on the importance of and the requirement for employees to certify their time statements in a timely manner. The Human Resources Office will send an email to time administrators to run the ZP241 report on the Tuesday and Wednesday following payroll Monday to identify any employees who have not certified their time, any supervisor who has not taken action on their employees' time statements, and any time statements that are locked. Human Resources will also monitor these reports and will report any non-compliance to the respective appointing authority by the end of the week.

Certification by supervisors – the e-Certification policy has been updated to include non-compliance by supervisors as indicated in the previous corrective action.

Automatic postings – the e-Certification policy has been updated to place emphasis on the importance of and requirement of supervisors to timely approve all time entries in an effort to avoid automatic postings. Human Resources will monitor automatic posting and will report any non-compliance to the respective appointing authority on a routine basis.

System reports – The e-Certification policy has been updated to place emphasis on the importance of generating, printing and retaining all required payroll reports. Human Resources will send email reminders to time administrators to ensure compliance.

Current LDWF management has adopted a zero tolerance policy related to payroll fraud and any employee who purposely deviates from this policy will face disciplinary action, including termination.

Office of the Commissioner
State of Louisiana
Division of Administration

JOHN BEL EDWARDS
Governor



JAY DARDENNE
Commissioner of Administration

October 6, 2016

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

Dear Mr. Purpera:

We have reviewed the finding to be included in your procedural report on the Louisiana Department of Wildlife and Fisheries (LDWF) and provide the following information in response.

The Division of Administration's Office of Aircraft Services was not aware of the conditional language included in the purchase order processed by the Division of Administration's Office of State Procurement (OSP) to purchase the aircraft until several weeks after the purchase was made by LDWF. LDWF did not provide the Office of Aircraft Services a copy of the purchase order (P.O.) at the time of the purchase.

When the aircraft arrived at the Office of Aircraft Services in Baton Rouge on September 1, 2015, individuals present included a sales representative from, Banyan, Inc., a DWLF pilot, as well as representatives from the Office of Aircraft Services. During the encounter, the DWLF pilot told representatives from the Office of Aircraft Services not to remove the inspection panels from the aircraft; thus, the Office of Aircraft Services was not allowed to conduct a full inspection of the aircraft. Only a visual inspection was done along with a borescope inspection test of the engine as mentioned in the audit finding.

Because the logs and maintenance records for the aircraft to be purchased by LDWF were not provided, the Office of Aircraft Services, had no knowledge that the required annual inspection of the aircraft was due by September 30, 2015. Normally, the Office of Aircraft Services conducts an inspection of used aircraft prior to any state agency making a purchase with the exception of the Louisiana Department of Agriculture and Forestry. This pre-buy inspection includes reviewing the maintenance records and logs of the aircraft, ensuring the annual inspection is up to date, and ensuring the aircraft is in compliance with federal regulations. The inspection also includes physically examining the components of the aircraft to include structural elements, engine propellers, landing gear, electronics, hydraulics, and various systems of the aircraft. Documentation of the annual or 100-hour inspection is required to be recorded in the maintenance logs of the aircraft.

Daryl Purpera, Legislative Auditor

October 6, 2016

Page 2

To my knowledge, the Office of Aircraft Services has never been prohibited from conducting a full inspection of a used aircraft prior to an agency making a purchase. In addition, the Office of Aircraft Services has never experienced a situation when a purchase order was issued for a used aircraft prior to the office conducting an inspection of the aircraft.

In response to this matter, the Division of Administration's Office of Aircraft Services intends to develop and implement procedures to include notifying the Commissioner of Administration when requirements for conducting pre-buy inspections on used aircraft are not allowed to be conducted prior to purchase.

If you have any questions regarding the information in this response, please feel free to contact me by phone at (225) 359-9385 or by email at Larry.Kidwell@la.gov, or Ms. Desiree Honoré Thomas, Assistant Commissioner of Administration of Statewide Services by phone at (225) 342-7000 or by email at Desiree.Thomas@la.gov.

Sincerely,



Larry Kidwell

Office of Aircraft Services

Aircraft Services - Response to LLA Finding on DWLF - 10-4-2016.docx

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November 1, 2016

Mr. Daryl Purpera
Ms. Jenifer Schaye
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Via Hand Delivery
Via Hand Delivery

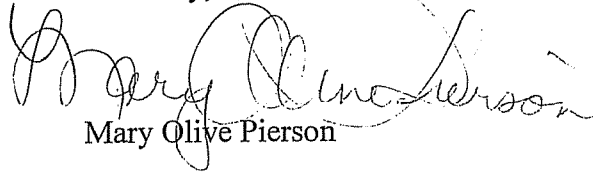
Re: Robert Barham (LDWF)

Dear Mr. Purpera and Ms. Schaye:

Attached you will please find Robert Barham's Response to the Second Preliminary Draft Report of the Legislative Auditor which is due to your office today, November 1, 2016.

Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,



Mary Olive Pierson

MOP/mm

cc: Ernie Summerville (esummerville@lla.la.gov)
Angela Heath (aheath@lla.la.gov)
Nicole Edmonson (nedmonson@lla.la.gov)
Vincent Wynne (vwynnejr@wgllawfirm.com)
Steven Moore (steven@stevenmoorelaw.com)
Robert Barham (via email)
Eric Newman (via email)
Randy Pausina (via email)

**RESPONSE OF ROBERT BARHAM, FORMER SECRETARY OF THE LOUISIANA
DEPARTMENT OF WILDLIFE AND FISHERIES, TO THE SECOND PRELIMINARY
DRAFT REPORT OF THE LEGISLATIVE AUDITOR REGARDING THE
DEPARTMENT OF WILDLIFE AND FISHERIES SUBMITTED ON OR ABOUT
OCTOBER 10, 2016.¹**

Date: November 1, 2016

INTRODUCTION

On April 20, 2010 one of the worst man-made disasters to occur in the United States of America occurred in the Gulf of Mexico a few miles off the coast of the mouth of the Mississippi River in Louisiana. The Deepwater Horizon, Macondo Well, owned and operated by BP and others, exploded and sank to the floor of the Gulf of Mexico, 5,000 feet or more below the surface of the Gulf. The immediate result of this explosion was the death of 11 Louisiana citizens. For the next three and a half months the well remained uncapped and spewed millions of gallons (thousands of barrels) of crude oil into the Gulf of Mexico damaging and/or potentially destroying much of the marine life, gulf habitat and marshes in its wake.

No one in Louisiana had ever experienced such a disaster and no one was really prepared for the job ahead.

Fortunately for the state of Louisiana, Secretary Robert Barham and his staff at the Louisiana Department of Wildlife and Fisheries (LDWF) went into action immediately and began to determine and survey the damage as it was continuing to accrue and they also began the rescue operation for the Gulf waters. This action began within hours of the explosion.

Within weeks, and even as the survey and rescue operations were ongoing, Secretary Barham and other state officials contacted BP to express the urgency of their participation in the

¹ The original preliminary report was issued by the Legislative Auditor on September 16, 2016. This report was followed by a meeting with the Legislative Auditor attended by Former Secretary Barham and others. After that meeting, and considering the information presented to the auditor at that time, the second preliminary report was prepared and submitted on or about October 10, 2016.

ongoing efforts to minimize the impact of the explosion on the environment and the fishery, which is of vital importance to the economy of the state of Louisiana. Within months BP agreed to fund up to \$18 million in a Memorandum of Understanding with the state of Louisiana so that the state of Louisiana would provide services of surveying and sampling the fishery to determine the damage, if any, to the fishery and also to assist in surveying where the oil was moving so that the surveying and sampling could be done in the areas where the predominant damage was occurring.² These efforts resulted in a Memorandum of Understanding (MOU) which was entered into by and between the state of Louisiana and British Petroleum on November 18, 2010. The agreement was for BP to fund up to \$18 million for LDWF to perform the duties outlined in the Memorandum of Understanding. LDWF immediately began and continued to perform the duties outlined in the Memorandum of Understanding, many of which were already in progress. For the next three years, with the complete approval and support of BP, LDWF performed all of its obligations under the Memorandum of Understanding which resulted in the Department of Health and Hospitals finding that Louisiana Seafood was safe.

An important and significant matter that should be addressed and noted, but was not noted by the Legislative Auditor, is that no taxpayer or public money was involved in the payments for this program. BP funded the entire program, and they were fully satisfied that it was performed efficiently, timely, and satisfactorily. In fact, after a meeting with Mr. Barham and others and the Auditor and his staff on September 27, 2016, described in Footnote 1, Secretary Barham provided the Legislative Auditor's staff with the name and contact information of a high level BP executive who was very involved and familiar with the sampling and testing program and who was willing to speak to the Auditor if they had any questions about BP's satisfaction with the program and the

² This was in addition to \$30 million to fund a Seafood Marketing Program and another \$30 million to fund a Tourism Program.

money they spent. To Mr. Barham's knowledge, the no one from the Auditor's office called the BP executive to see if they had any complaints or other observations about the performance of LDWF or the results that LDWF obtained.

**RESPONSE TO ALLEGATIONS REGARDING
OVERSIGHT OF BP TISSUE COLLECTION AND SAMPLING PROGRAM**

In a contradiction of terms, the Legislative Auditor states on several occasions that LDWF, specifically the Venice team which primarily operated the program, were guilty of what "appears" to be excessive spending. How can that be when the spending that BP authorized was \$18 million and LDWF successfully completed the three-year program for \$10.5 million - \$7.5 million less than the budget for the program? Further exacerbating this contradiction in terms, the Legislative Auditor complains that LDWF only collected 1,091 samples and they were supposed to collect 2,376. This is comparing apples to oranges and is intentionally misleading the reader because the report fails to mention that the projected number of samples (2376) was the goal if LDWF collected the full \$18 million. LDWF only collected \$10.5 million of the \$18 million which means that a collection of 1,091 samples for \$10.5 million, would be 80% of the samples required to meet that goal. In any event, a sufficient number of samples were obtained, tested and sent in for examination.

The Auditor's report dealing with the financial and operational oversight of the near shore segment of the BP Tissue Sampling Program states that the focus of this finding centers on "allegations" received by the Auditor regarding the collection of pelagic and reef fish by the team that was based in Venice, La., and headed by former LDWF employee Eric Newman. First, it is noted that the program began six years ago and ended three years ago. It is also noted that the proponent of the so-called allegations is not identified. It is unreasonable to find that LDWF did not adequately administer and oversee the BP Sampling Program when BP, which provided all of

the money for the program and was kept fully informed of its operation at all times and, since the completion of the program three years ago, has never complained about how their money was spent. Mr. Barham will address several points made by the Auditor by bullet point references:

- The report of the Auditor fails to mention the important fact that the three year project was (1) totally funded by BP, not taxpayers; (2) was a complete 100% success; and (3) resulted in a finding by the Louisiana Department of Health and Hospitals that Louisiana seafood was safe and had no levels of concern.
- The Auditor's report also overlooks or fails to consider the fact that the funding for the project, which was authorized up to \$18 million, was only used to the extent of \$10.5 million, a savings of 42% on a project that was 100% successful.
- The Auditor complains that the Venice team collected only 1,091 or 46% of the total samples required. The Auditor fails to mention that LDWF only collected 58% of the funds available.
- The Auditor also fails to recognize that a substantial portion of the funding was for significant capital outlay in the beginning of the program because LDWF did not have the equipment (boats and fishing equipment) to even perform the massive sampling duties.
- The Auditor fails to mention that the assets purchased with significant capital outlay were all left behind by BP for the sole use of LDWF and remain there.
- The Auditor complains that the samples were held without being timely submitted. Actually, when the samples are frozen, any educated biologist will tell you that they can be kept indefinitely in that state and it will not affect the results of the testing on the sample.

- The Auditor notes that in 36 cases out of 1091, the samples were retained for more than 30 and as many as 61 days. 36 cases out of 1,091 equals 3% of the total samples which, in a frozen state, are unaffected for an indefinite period of time.
- The Auditor complains that the Department spent \$943,671 for boats in 2011 and 2012. What the Auditor fails to mention is that those boats are still at LDWF for their use. LDWF can thank BP and Secretary Barham because BP paid for the boats and they remain available for use by LDWF forever or until they become obsolete or they are sold.
- The Auditor further notes what they call exorbitant expenditures for fishing equipment, lodging, vehicles, groceries, clothing, cameras, computers and other promotional items. It should be remembered that all of this was paid for by BP who obviously was satisfied with the expenditures that were made, and clearly were very happy that the entire program came in at \$10.5 million instead of the \$18 million they were willing to spend on the program. It is also noted that except for the consumable items like lodging, groceries and employee expenses, LDWF still has all of this equipment and can make use of it.
- The Auditor complains that LDWF did not follow the protocol developed for the project, without identifying which protocol to which they are referring. In the first preliminary report of the Auditor, they complained that the protocol they referenced (without identification) required that the samples be taken equally from the three regions of the Gulf--West, Central and East. That complaint was removed after the meeting with the Auditor and his staff when it was pointed out that this portion of the protocol had to be changed as the persons in the field learned more and more

each day about where the oil was going. Because the BP spill was a seminal event, the protocols to uncover its damage to marine life had to evolve over time and by experience and observations in the field. If the initial protocols had remained static and unbendable, the project would have been a failure. This concept, inter alia, was addressed on September 28, 2016, following the meeting with the Auditor, in correspondence from Mr. Barham's counsel to the Auditor which is attached hereto as **Exhibit A** and is incorporated herein and made a part of this Response.

- On p. 10 the Auditor complains about lack of oversight on the purchase of uniforms in the department and notes that of \$283,675 in purchases only \$3,206 did not have sufficient documentation. This amount without sufficient documentation compared to the total means that 1.1% of the total were lacking sufficient documentation. Of course, sufficient documentation is always an important thing, but the level of this discrepancy (1.1 % of total) seems to be miniscule when compared to the total amount of dollars spent for uniforms.

RESPONSE TO ALLEGATIONS ABOUT PURCHASE OF THE KODIAK AIRCRAFT

In this section of the report on pages 12-15, the Auditor complains that LDWF purchased a used Kodiak aircraft without a proper inspection. This allegation is based on an entirely false premise that LDWF has anything to do with the inspection of a used aircraft before it is purchased. The Auditor correctly notes on p. 13 of his report that R.S. 39:360 provides that **the DOA (Division of Administration)** shall establish a uniform policy for all state agencies for the use of state owned motor vehicles and aircraft by state employees. Mr. Austin Bachman of the Office of State Purchasing, according to the Auditor, stated that the purchase of the Kodiak aircraft by LDWF was

contingent upon “LDWF obtaining an inspection of the aircraft and authorization from Aircraft Services, the state’s agency responsible for maintenance, repairs and inspection of state aircraft.” This contingency is also confirmed in (A) an email from Mr. Bachman (Office of State Purchasing: “OSP”) to Ms. Jan Cassidy and Tom Ketterer (DOA) and the reply from Ms. Cassidy. (See Bates No. DOA000286, **Exhibit B**); and (B) a DOA Purchasing Section Route Slip dated August 14, 2015 and ultimately signed on August 20, 2015, (See Bates No. DOA000288, **Exhibit C**).

Aircraft Services is a division of the DOA. LDWF does not have the ability to inspect state aircraft. That is exclusively the job of Aircraft Services. If an inspection was not obtained, it is not the responsibility or the fault of LDWF. It is exclusively the fault of the DOA, Office of Aircraft Services. In fact, Mr. Larry Kidwell, the Director of the Office of Aircraft Services was intimately and directly involved in the approval process for the purchase of the Kodiak aircraft and it was entirely up to him to have the aircraft inspected to his satisfaction before it was purchased. Mr. Kidwell, according to his job description as Director of Aircraft Services is in “possession of a current FAA Airframe and Power plant (A and P) Certificate with Inspection Authorization (I.A.) plus four years of aviation maintenance experience.” This is a minimum requirement for inspectors of aircraft purchased by Louisiana and, at the time of the purchase of the Kodiak, there were no such qualified persons in LDWF.

In the audit report on p. 13, the Auditor states that “Mr. Kidwell stated that because they were not allowed to properly inspect the aircraft, they performed a walk through the aircraft and from its external appearance the aircraft looked to be in excellent condition.” Well, if Mr. Kidwell, the Director of the Office of Aircraft Services, was not satisfied that he was allowed to do a complete inspection, he should have denied the approval for the purchase. After all, the purchase was exclusively contingent on his approval. Mr. Barham had no involvement in the actual

acquisition of the Kodiak aircraft after he wrote his letter requesting that LDWF be allowed to purchase the Kodiak.³

Subsequently, Mr. Paul Holmes of the DOA began a series of emails by writing one to Mr. Brian McClinton on August 13, 2015 asking how everything was going with the purchase. In his response Mr. McClinton sent an email on August 13, 2015 attaching what apparently is the letter from Mr. Barham requesting the purchase of the Kodiak, located at Bates No. DOA 000289-000290 (A copy of Mr. Barham's letter is attached hereto as **Exhibit D**). Mr. Holmes then wrote to Mr. Bachman of Office of State Purchasing (OSP) and asked him *to assist LDWF in forwarding request to Aircraft Services for review and permission for the purchase*. Mr. Bachman then wrote to Mr. Kidwell (DOA, Aircraft Services) and *asked him to assist LDWF with obtaining the necessary approval from Aircraft Services*. Mr. Kidwell then wrote on August 17, 2015 that one of his concerns was the warranty and he would be working through that issue. There was no mention of the inspection. This string of emails is located at Bates No. DOA 000311- 000312 and is attached hereto as **Exhibit E**.

In this string of emails, it is perfectly clear that LDWF is doing what LDWF is specifically charged with doing and, that is, referring the completion of the contingency (inspection) to Mr. Kidwell of the Office of Aircraft Services. If something went wrong after that it is the responsibility of the Division of Administration, Department of Aircraft Services, not Mr. Barham or LDWF. It is obvious that sometime between Mr. Kidwell's email of August 17, 2015 and the payment of the purchase price on September 4, 2015 (DOA 000314, **Exhibit F**) somebody in the

³ This letter appears to be undated but also appears to be attached to an email from Bryan McClinton (LDWF) to Paul Holmes (DOA) dated August 13, 2016. This email is located at Bates No. DOA000311-312 and the letter is located at DOA 000289 and 000290.

DOA, presumably Mr. Kidwell, approved this purchase. By law, no amount of approvals from LDWF would have sufficed to make this acquisition.

The accusation that LDWF allowed the purchase of this aircraft with only 1 month remaining before its next annual inspection would have to be performed and actually flew the Kodiak without the 2015 annual inspection, is based on a statement that the required maintenance records (logbooks) indicated that the aircraft had last been inspected on September 15, 2014. Unfortunately, this observation/accusation by the Auditor does not take into consideration the fact that, according to Mr. Kidwell, the certified inspector in Aircraft Services, he did not even receive the logbooks for the aircraft until the end of December, 2015, and they started their annual inspection in January, within a few weeks. (Bates No. DOA000270, **Exhibit G**). It is observed that one of the essential requirements of an inspection is review of the logbooks. If Mr. Kidwell is correct in his email and he did not receive the logbooks until December, he should have withheld his approval until he reviewed the log books. And, there is also indication in the file that the plane was not flown between the receipt of the logbooks and the beginning of the annual inspection in January. In this same email Mr. Kidwell admits that we (Mr. Kidwell and the DOA) did not get a chance to inspect the aircraft other than a good walk around. If that is the case, then Mr. Kidwell, not LDWF, is responsible for the purchase of this aircraft without the pre-purchase inspection by DOA, Division of Aircraft Services, which was a contingency to the purchase. There was no contingency in the purchase for LDWF to inspect the aircraft. Indeed, as stated earlier, LDWF did not have the capability to do such an inspection.

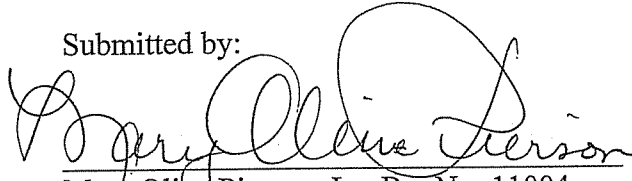
RESPONSE TO REMAINDER OF ALLEGATIONS IN REPORT

With regard to the remainder of the report and the recommendation of the Legislative Auditor that perhaps LDWF could refine and further develop protocols for more oversight, Mr. Barham submits that all departments in the State of Louisiana could probably use additional

oversight of state property, but Mr. Barham, while he does not deny that the buck stops with the Secretary, was not directly involved with the circumstances of the other findings and recommendations made by the Auditor.

This Response has been prepared and reviewed by Mr. Robert Barham, former Secretary of the Department of Wildlife and Fisheries, and is being submitted by his counsel.

Submitted by:



Mary Olive Pierson, La. Bar No. 11004

P.O. Box 14647

Baton Rouge, LA 70898

(225) 927-6765 - Office

(225) 927-6775 - Fax

mop@mopslaw.com

Counsel for Robert Barham

cc: Ernie Summerville (esummerville@lla.la.gov)
Angela Heath (ah Heath@lla.la.gov)
Nicole Edmonson (nedmonson@lla.la.gov)
Vincent Wynne (vwynnejr@wgllawfirm.com)
Steven Moore (steven@stevenmoorelaw.com)
Eric Newman (via email)
Randy Pausina (via email)
Robert Barham (via email)

MARY OLIVE PIERSON

ATTORNEY AT LAW

POST OFFICE BOX 14647

BATON ROUGE, LOUISIANA 70898-4647

TELEPHONE: 225-927-6765
TELECOPIER: 225-927-6775
E-Mail: mop@mopslaw.com

PHYSICAL ADDRESS:
8702 JEFFERSON HWY.
SUITE B
BATON ROUGE, LA 70809

September 28, 2016

Mr. Daryl Purpera
Ms. Jenifer Schaye
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Via email: dpurpera@lla.la.gov
Via email: jschaye@lla.la.gov

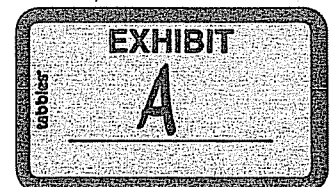
Re: Robert Barham (LDWF)

Dear Mr. Purpera and Ms. Schaye:

First, I apologize for not copying the Investigative Auditor, but I did not get his card. I believe his name is Roger Harris. Please forward this letter to him and ask him to send me his contact information.

Second, referring to the conversation about alterations/amendments to the Protocol(s), I would like to assure all of you that during the time of the program, especially in the first months and first year, as the Department, BP and all state agencies involved learned more and more each day about what they were dealing with, (i.e., where the oil was going; how much of it was going to certain areas; where and how much Corexit was being applied; the stocks and species in those areas), those in charge correctly and wisely adjusted their thinking about the terms of the Protocol(s) in order to make the program more effective and productive to assure that the results were accurate and reflective of ACTUAL conditions, not predetermined ESTIMATES. Although I firmly believe there must be emails (which I do not have) reflecting these alterations to the Protocols (which I do not have and do not have access to because of obstruction by the current department officials), it is impossible for me or Mr. Barham to adequately address and respond to the allegation that the program failed to meet its goals - which it did not fail to do. The three-year sampling and testing program was exhaustively thorough and complete - a 100% success - fully paid for by BP with no taxpayer money.

Without seeing the Protocol(s) to which Ms. Edmonson was referring, I do not know if the protocol(s) provide that any alteration must be in writing signed by both parties. The MOU has such a provision (Page 12, Item 14 "Modification"), but the MOU does not address the same issues as the Protocol(s) and has no provisions for the exact areas of the sampling or the "required" number of samples. In the lone protocol which we found and included in the documents we presented yesterday at Tab 2, there is no such provision. In any event, all of the parties



ACTUALLY knew of and agreed to all of the alterations and, due to the urgency of the situation, they were properly more focused on getting the job done correctly and efficiently than creating written minutes or documentation of their decisions so that six years later there would be a record for auditors in Baton Rouge to review. I repeat what I said yesterday: if the persons in the field had simply and blindly followed the first protocol "estimates" and tested equally in the three sections of the Gulf, they could have been, without fear of contradiction, correctly called "stupid box checkers" and the program would have been on a collision course with failure.

This same analysis applies to the number of "required" samples referenced in the report. That number is not in the MOU and since I do not have the Protocol, I don't know where that number came from or how it was estimated or calculated. It may also have been required to be adjusted or altered as time went on and in light of the results of the sampling and testing. For example, if a section of the Gulf is consistently producing contaminated species, it would have to be continuously tested until the results showed that the tested species "passed" the test. (The "Pass or Fail" criteria is contained in the MOU Page 4, Item 1D.) If consistent "fail" results were occurring in an area, the sampling would have to be extended in that area, resulting in an increase of samples in that area. I am actually not sure how many times and over what period an area had to "pass" before the sampling in that area could be reduced, if ever.

Third, I would like to address the Public Records Act (LSA-R.S. 44, et seq) and the "work papers" exclusion of the Legislative Auditor's papers. I reviewed the statute and all I find is that your records are excluded from Requests for Public Records. However, there is nothing in that exclusion that restricts your department from being professionally required to include the documents to which you refer in your reports in order to reach your conclusions. I also do not believe that such an inclusion of the referenced documents would amount to a "waiver" of your exemption from a public records request. Your audit is obviously the result of research, reading and interpretation of certain documents. If you accuse someone of breaching a contract, it is intuitive that you must attach the contract as an exhibit to your report to support your findings or allegations. In addition, referring only to limited sections of a contract will result in the reader correctly saying that the document speaks for itself and should be read as a whole. Otherwise, how will the reader know if your findings are accurate? *Note:* this is why I asked for and thank you for providing a complete copy of the MOU. Opinions must be supported by facts and the documents supporting your conclusions must be self-contained in the report. If your report relies on a document for an allegation, it is professional to attach the document as an exhibit, not make the reader have to go to another department and ultimately file a lawsuit to get access to a document your department is relying on as evidence to support your position.¹

Therefore, I am not making a public records request for anything in your office. What I am requesting is that your office fulfil its obligation to provide to us, as exhibits, all of the

¹ It is noted that I am unaware of any non-public records which were relied on in your report, except for your notes, calculations and papers which may reflect your thoughts and conclusions.

Mr. Daryl Purpera
Ms. Jenifer Schaye
September 28, 2016
Page 3

Mary Olive Pierson

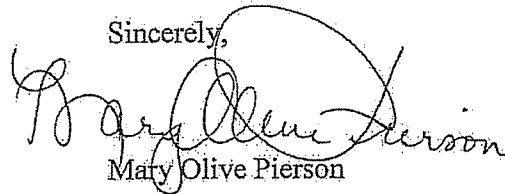
documents referred to and/or relied upon in the preliminary report so that we can reasonably respond to the allegations in the report.

In addition, I believe that it is imperative that any reference to a potential witness' statements or "thoughts" should include the identity of the person whose comments or "thoughts" are being relied upon. I am not contesting (for now) that you can use hearsay for your report but, I think that, at a minimum, we are entitled to know who is the author of the statements or thoughts upon which your office relied.

Before I finished this letter, I spoke to Ms. Edmonson and I will attempt to find out (1) who at LDWF knew of and had a role in the development of the protocols; (2) who would be that person in the current administration; and (3) whether there was any final report on the success of the sampling and testing program or is the monitoring still in progress.

Ms. Edmonson also advised that we should not file a response on Friday because certain revisions will be made to the current Preliminary Report and we should respond after that.

Sincerely,



Mary Olive Pierson

MOP/mm

cc: Ernie Summerville (esummerville@lla.la.gov)
Angela Heath (atheath@lla.la.gov)
Nicole Edmonson (nedmonson@lla.la.gov)
Vincent Wynne (vwynnejr@wglawfirm.com)
Steven Moore (steven@stevenmoorelaw.com)

Austin Bachman

From: Jan Cassidy
Sent: Friday, August 28, 2015 4:07 PM
To: Austin Bachman
Subject: RE: Kodiak Airplane for WLF

Yes

Jan B. Cassidy
Assistant Commissioner

Division of Administration
State of Louisiana
1201 N. 3rd Street, Suite 2-160
P. O. Box 94095
Baton Rouge, LA 70804-9095

225.342.8062

From: Austin Bachman
Sent: Friday, August 28, 2015 2:21 PM
To: Jan Cassidy
Cc: Tom Ketterer
Subject: Kodiak Airplane for WLF

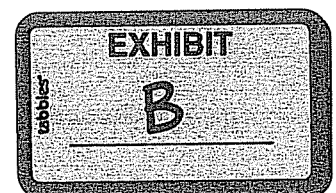
Jan,

It is my understanding that WLF has approval to purchase the used Kodiak airplane contingent upon successful inspection by Aircraft Services. Is this correct?

WLF has submitted a shopping cart for the purchase.

Regards,

Austin Bachman
Office of State Procurement
Phone: (225) 342-9200
Fax: (225) 342-9756



DIVISION OF ADMINISTRATION
PURCHASING SECTION
ROUTE SLIP

DATE: August 14, 2015

TO: Tom Ketterer, State Procurement Manager

FROM: Austin Bachman AB

RE: Used Aircraft Purchase - WLF \$1,800,000

WLF has submitted a request to purchase a used aircraft - a 2012 Quest Kodiak. This aircraft has only 200 hours of use. Purchasing the aircraft used will save approximately \$400,000. Due to the low usage of the aircraft, maintenance will not exceed the maintenance required for a new aircraft.

The agency is in the process of obtaining approval from Aircraft Services. No PO will be issued without that approval.

Recommend approving the used aircraft purchase.

LEAD WORKER RECOMMENDATION

Signature of Lead Worker: *Debbie Rock*
Recommendations: Approve Per Above Disapprove Date: 8/17/15

MANAGER RECOMMENDATION

Concur per Agency's request and representation from the Secretary.

Signature of Manager: *Tom Ketterer*
Recommendations: Approve Per Above Disapprove Date: 8/19/15

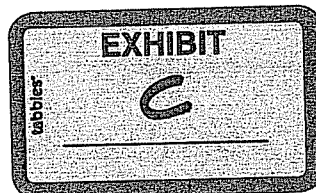
ASSISTANT DIRECTOR COMMENTS

Signature of Assistant Director: _____
Recommendations: Approve Per Above Disapprove Date: _____

DIRECTOR COMMENTS

Subject to approval from Aircraft Services.

Signature of Director: *[Signature]*
Recommendations: Approve Per Above Disapprove Date: 8/20/15



DOA000288



BOBBY JINDAL
GOVERNOR

State of Louisiana
DEPARTMENT OF WILDLIFE AND FISHERIES
OFFICE OF UNDERSECRETARY

ROBERT J. BARHAM
SECRETARY

BRYAN MCCLINTON
UNDERSECRETARY

Paul A. Holmes, Director
Office of State Procurement
P.O. Box 94095
Baton Rouge, LA 70804-9095

Dear Mr. Holmes,

The Louisiana Department of Wildlife and Fisheries is requesting to purchase a Quest Kodiak to replace a Cessna 210 Centurion.

Our Centurion is a 1981 Cessna 210N model that has ten thousand hours on the airframe. The instrumentation and avionics in the aircraft are functional but dated.

The FAA has mandated that all aircraft be equipped with Automatic Dependent Surveillance - Broadcast (ADS-B) equipment by January 1, 2020 as part of the Next Generation Air Transportation System (NextGen). With this requirement that we install new equipment it would be wise to consider an upgrade to our instrument panel to a modern digital format. Due to the age and value of the aircraft this would not be cost-effective.

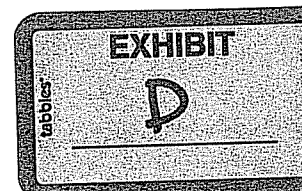
We therefore would like to acquire a modern aircraft that is designed purposefully for use in the field to perform our mission with the utmost safety for our employees. In a study by D. Blake Sasse entitled "Job-related mortality of Wildlife workers in the United States from 1937 - 2000", it was cited that 66% of all deaths in the Wildlife Management field was from aviation accidents. It is by far the most frequent on-the-job hazard for a Wildlife Biologist.

Our agency flies many different types of missions and we require an aircraft that is very versatile. We conduct many annual wildlife and environmental surveys that are flown at altitudes less than 500 feet. We require an aircraft that can carry a crew of several biologist and observers, fly steady at slow airspeeds, have an extremely reliable power plant, is rugged enough to withstand possible bird impacts and have ample power to be able to safely climb away from the ground in an emergency.

The Quest Kodiak is proven to be a safe airplane. The U.S. Fish and Wildlife Service uses the Kodiak for their surveys and has nine in their fleet. It is the preferred aircraft for the safety of the pilots and biologists on these low altitude, slow airspeed and heavy load operations required for these surveys according to U.S. Fish and Wildlife pilot Fred Rutger who is based in Lafayette. It is large enough to handle our weight requirements and has ample power to provide a necessary margin of safety in any circumstance.

The only other aircraft that is similar to the Quest Kodiak is the Cessna Caravan. The Caravan has a larger airframe and is heavier than the Kodiak while having less power

P.O. BOX 98000 • BATON ROUGE, LOUISIANA 70898-9000 • PHONE (225) 765-5021 • FAX (225) 765-0948
AN EQUAL OPPORTUNITY EMPLOYER



DOA000289

available. This provides less performance. The Caravan also has a higher acquisition cost and higher operating cost than the Kodiak.

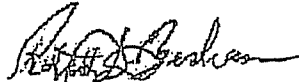
The Louisiana Department of Wildlife and Fisheries receives Federal grant funding through the Pittman - Robinson Act based on an excise tax on firearm manufacturers. In recent years this tax has been much higher than the long-term average and the Office of Wildlife apportionment is at an all-time high. Since the majority of the airborne surveys are performed by Office of Wildlife biologist we can use this federal money to fund the purchase of the aircraft.

The Louisiana Department of Wildlife and Fisheries has located a 2012 model Quest Kodiak with only 200 hours use on it. It is used as a demonstration aircraft for a regional dealer. By buying the used equipment the Department is able to procure the aircraft at a much reduced amount than the cost of a brand new aircraft. Since the aircraft has been under the control of the dealer as a demonstration model, the dealer is willing to provide a one year warranty for the aircraft.

The purchase price is \$1,800,000. The discount from a "brand new" aircraft along with the dealer providing a one-year warranty and training for a pilot and mechanic provides an acquisition cost saving of \$400,000 from the 2015 model. For these reasons the Department of Wildlife and Fisheries would like to proceed with the purchase of the used Quest Kodiak from Banyan Air Service. The Georgia legislature has recently approved funds for their Department of Natural Resources to acquire new aircraft and they are looking to purchase this aircraft as well.

The acquisition of this aircraft to our fleet will greatly enhance our ability to perform our mission safely as well as to incorporate new missions for ourselves and other state agencies as this aircraft can easily be configured for several different missions including search and rescue, transportation, cargo and equipment, as well as surveillance. As always the safety of our personnel is of the highest priority. We would like your approval and assistance in this process.

Sincerely,



Robert J. Barham
Secretary

10/4/2016

RE: WLF Purchase of Plane

RE: WLF Purchase of Plane

Larry Kidwell

Sent: Monday, August 17, 2015 12:07 PM

To: Austin Bachman

Cc: Bryan McClinton; Paul Holmes (DOA)

I have spoke to Brian Dorsa, W.L.&F. chief pilot, one of our concerns is the warranty offered with the aircraft purchase. Brian is contacting the company for verification. I will advise you as he works through this issue.

Thanks

Larry

From: Austin Bachman

Sent: Friday, August 14, 2015 9:55 AM

To: Larry Kidwell

Cc: Bryan McClinton; Paul Holmes (DOA)

Subject: FW: WLF Purchase of Plane

Mr. Kidwell,

Wildlife and Fisheries is interested in purchasing an aircraft. Can you assist Mr. McClinton with obtaining the necessary approval from Aircraft Services?

Thank you,

Austin Bachman
Office of State Procurement
Phone: (225) 342-9200
Fax: (225) 342-9756

From: Paul Holmes (DOA)

Sent: Thursday, August 13, 2015 5:24 PM

To: Austin Bachman

Cc: Bryan McClinton

Subject: FW: WLF Purchase of Plane

Austin, please assist Bryan and LWF with the purchase of this plane assisting them in forwarding to Aircraft Services for review, obtaining permission for the purchase of a used commodity and entering the purchase into proact. Thanks.

From: Bryan McClinton

Sent: Thursday, August 13, 2015 4:14 PM

To: Paul Holmes (DOA)

Cc: Amanda David

Subject: RE: WLF Purchase of Plane

Please find the attached letter requesting permission to purchase a new aircraft. The original will be mailed.

Thank you,

<https://webmail.la.gov/owa/?ae=Item&I=IPM.Note&id=RgAAAABYOUh0uqzqTa7YBdlp8aZTBwDrCxI%2bUg1eSYI%2IPVgR2QAAAAASxZIAAARJz4n6rpm...> 1/2



DOA000311

10/4/2016

RE: WLF Purchase of Plane



Bryan McClinton
Undersecretary
Department Of Wildlife and Fisheries
2000 Quail Dr.
Baton Rouge, LA 70808.
Phone: (225) 765-5021
Fax: (225) 765-0948
bmcclinton@wlf.louisiana.gov

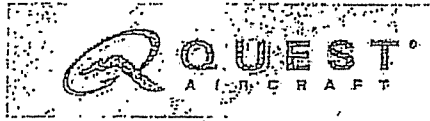
From: Paul Holmes (DOA)
Sent: Thursday, August 13, 2015 8:15 AM
To: Bryan McClinton
Subject: WLF Purchase of Plane

How is everything going with this? I haven't heard back.

Paul Holmes

<https://webmail.la.gov/owa/?ae=Item&t=IPM.Note&id=RgAAAAByOUh0uqzqTa7YBdfp8aZTBwDrCxI%2bUg1eSYI%2fPVRgR2QAAAAASxZiAAARJz4n6rpm...> 2/2

DOA000312



per Work Bookmen Invoice
Inv # 8115
 2015 Quote

Name: Louisiana Dept. Wildlife & Fisheries

Date: 8-11-15

Quote

inv# 8115

Description:	Quantity	Unit Cost (In US\$)	Amount (In US\$)
2012 KODIAK Base Price			\$ 1,975,000.00
Available Options:			
External Baggage Compartment	1	\$ 78,250.00	\$ 78,250.00
TKS Ice Protection	0	\$ 109,500.00	\$ -
29" Tire Combo Upgrade	1	\$ 1,750.00	\$ 1,750.00
Custom Color Modification	0	\$ 3,000.00	\$ -
Custom Metallic Modification	0	\$ 6,000.00	\$ -
Pitch Latch Propeller	0	\$ 5,700.00	\$ -
Engine - Forward Gear Box Chip Detector	1	\$ 1,800.00	\$ 1,800.00
406Mhz w/GPS Locator Upgrade	1	\$ 6,250.00	\$ 6,250.00
GTS-800 TAS/WX-500 Stormscope Package	1	\$ 28,700.00	\$ 28,700.00
WX-500 Stormscope	0	\$ 8,400.00	\$ -
GTS-800 TAS	0	\$ 21,875.00	\$ -
GDL 69A-XM Data Link w/Audio Infotainment	1	\$ 6,950.00	\$ 6,950.00
GWX-68 Weather Radar	0	\$ 42,100.00	\$ -
Garmin Search & Rescue Standard Enable Card	0	\$ 3,136.00	\$ -
Garmin Search & Rescue Enhanced Enable Card	0	\$ 6,000.00	\$ -
ChartView Enable Card (App Subscription not included)	1	\$ 4,000.00	\$ 4,000.00
Tundra Interior Package		Standard	
Additional Tundra Passenger Seats	0	\$ 7,300.00	\$ -
Timberline Interior Package	1	\$ 17,850.00	\$ 17,850.00
Additional Timberline Passenger Seats	4	\$ 8,850.00	\$ 35,400.00
Summit Interior seats	0	\$ 97,500.00	\$ -
Summit Interior Tables	0	\$ 18,408.00	\$ -
Summit Interior Cabinets	0	\$ 29,250.00	\$ -
10-Place Oxygen Upgrade	0	\$ 10,000.00	\$ -
Air Conditioning	1	\$ 39,750.00	\$ 39,750.00
Export Certificate of Airworthiness	0	\$ 5,000.00	\$ -
Turned Down Exhaust Stacks	0	\$ 8,560.00	\$ -
Turned Out Exhaust Stacks	0	\$ 8,560.00	\$ -

Total Price - 2012 KODIAK as Optioned:

\$ 2,195,700.00

Total Options:

\$ 220,700.00

Blue with Black Stripes

1 Year Warranty

1 Pilot and 1 Mechanic Training

Approximately 200 hours TT

Offered: \$1,800,000

9/3

[Signature]

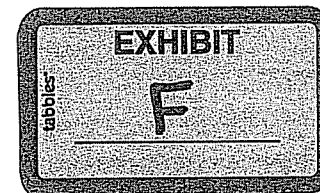
Quote Louisiana WF 2012 KODIAK

8/11/2015

PAID
 Date 9/14/15
 Amt. \$1,800,000.00
 Ch. # 2000225424

5100197784

9/3
[Signature]



DOA000314

Larry Kidwell

From: Cory Miller [cmiller@questaircraft.com]
Sent: Wednesday, June 29, 2016 11:37 AM
To: Larry Kidwell
Subject: RE: KODIAK Questions

Okay, Understood.

Thank you Larry!

Best Regards,

Cory Miller
KODIAK[®] Customer Care

Quest Aircraft Company, LLC
1200 Turbine Drive, Sandpoint, ID 83864
p: 208-263-1111
f: 208-263-1511
e: cmiller@questaircraft.com
www.questaircraft.com

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From: Larry Kidwell [mailto:lkidwell@aircraft.brcxmail.com]
Sent: Wednesday, June 29, 2016 08:19
To: Cory Miller
Subject: RE: KODIAK Questions

Answer to both questions—NO— . We received log books at the end of December, 2015. Started annual in January and found evidence of damage. The date on the Purchase Order for the aircraft is 08/28/2015. This was also contingent upon inspection by the State, however we did not get a chance to inspect the aircraft other than a good (walk-around) or preflight.

Thanks

Larry

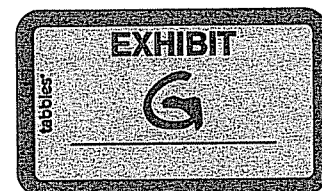
From: Cory Miller [mailto:cmiller@questaircraft.com]
Sent: Wednesday, June 29, 2016 9:58 AM
To: Marilyn McDonald; 'Larry Kidwell'
Cc: Brian Dorsa
Subject: RE: KODIAK Questions

Hi all (or y'all)-

Do you have a record of the 2015 annual? Or, even more basic of a question—did it get a 2015 annual?

According to the logbooks it was due for one in September—just a couple of weeks after you "received" it. But there is no mention or entry of an annual in 2015 at all.

Thanks for your time and assistance!



November 1, 2016

Via E-Mail
EMartin@lla.la.gov

Mr. Edward T. Martin, CPA
Audit Manager, Financial Audit Services
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, La 70804-9397

RE: *Randy Pausina's Response to Legislative Auditor's Preliminary Draft Regarding The Department of Wildlife and Fisheries*

During my twenty-three (23) years of service to The Louisiana Department of Wildlife and Fisheries (LDWF), I could not be more proud of the work we performed during the Deep Water Horizon Disaster. This includes, all levels of work done by everyone involved in the planning and implementing of a plan to an unprecedented event.

Given the fear generated in the press that seafood caught in Louisiana waters and potentially entering the seafood markets or being consumed by recreational anglers may be unsafe, (very similar to the "toxic soup" press after Katrina) a \$30 million seafood marketing campaign was developed by the Louisiana Seafood Board. The plan was to demonstrate to buyers and the general public that Louisiana's seafood was safe to consume. This was accomplished through the marketing campaign and supported by a seafood testing program. The "testing program" was to collect the fish, test them, and make the data available in real time via the website (Gulfsource). The "testing program" was successful and did provide the data that confirmed that all seafood from Louisiana waters intended for consumption was safe to consume. In fact, the PAH levels found in these animals were below or near what is normally found in these waters absent the Deep Water Horizon spill (which is well below human consumption advisory levels).

It should be noted that even prior to BP (British Petroleum) agreeing to fund **UP to 18 million dollars** for a "testing program", the LDWF began testing as early as May, 2010 in order to ensure the health and safety of our people and our ecosystem. After the agreement with BP became final, Louisiana Seafood became the "most tested seafood in the world". Two (2) different teams were tasked with the collection of samples, which are:

- 1) The Inshore Team; and
- 2) The Pelagic Team (referred to as the Venice Team).

BP had agreed to spend up to 18 million dollars on testing and with proper management and a sound common sense approach only 10.5 million was needed to accomplish the goals of the “testing program”. It should be noted that BP did not just give the State of Louisiana or the LDWF, 18 million dollars. The Department would send in a spread sheet of activity and would receive a set amount of monthly fees to continue the activity. The spreadsheet would contain amounts spent on salaries, supplies, acquisitions, and purchases listed out. Sometime at the end of the program, BP had funded enough money where we did not need them to continue to pay since the program had been successful.

Throughout the testing program, BP had oversight and scrutiny over all billing and expenses. If BP did not agree with or had questions regarding a monthly bill or expense, it would be questioned and hopefully resolved through discussion with BP executives. At all times, BP was allowed to go on any and all sampling cruises or inspect any aspects of the program as they saw fit. Along with BP’s oversight, was the oversight of the Federal Court System, and the Federal Judge presiding over the civil suit filed in the district. This testing program was used to show that Louisiana seafood was safe. We developed a real time website where anyone could go and see exactly what was being tested and the results of all the tests.

During the entire “testing program” no seafood was found to contain any Hydrocarbons or Dispersants that would have even come close to being unhealthy.

The “Testing Program” consisted of several things:

- 1) Collection of samples;
- 2) Transfer to the lab;
- 3) Lab work; and
- 4) Real time dissemination to the Gulfsource website.

The MOU states: “The Seafood Testing Program is intended to address seafood markets and supporting market industries that may have been negatively affected by the Oil Spill.”

It is important to understand a few known facts:

- Fish do not accumulate polycyclic aromatic hydrocarbons (PAHs or oil) in the muscle tissue that is consumed by humans.
- It is accumulated and discharged by other internal organs (liver).
- The only animal that exhibits any threat to humans through consumption is the oyster, why:

- The entire animal is consumed including its internal organs, and
- oysters unable to move like finfish, shrimp, and crabs when water conditions turn bad.

Specific responses to legislative auditors report:

LDWF only drew 10.5 million of the 18 million allocated for the testing program. This equalled approximately 58% of the funding that BP was willing to pay. During that time we collected 1,091 samples of the 2,376 samples as outlined in the MOU. This equals approximately 45% of the samples originally thought needed for the program. Further, of the 10.5 million actually paid by BP for the testing program only 3.05 million of that was used by the "Venice Team", or 29% of the total received. As sound stewards of the money given by BP for the testing program, we were able to accomplish the goals of the testing program by only spending 10.5 million of the total 18 million. It was not required nor was it proper for us to continue to spend the money when it was no longer needed. To do so, would have been in violation of any MOU or proper protocol.

The audit report seems to take issue mainly with the "Venice Team" and Mr. Eric Newman. Mr. Newman was the boat captain and his responsibilities included trip scheduling, safety, weather forecasting and interpretation, fish species targeted and navigation; of these he was indeed the most knowledgeable of the team. Keep in mind, that in the beginning there were few if any biologist with this team, they were hired later. Also most of them have no boating or boat trailering skills, nor the ability to read weather conditions, most were not even from LA and had little experience targeting these species. The boat captains are also responsible for all equipment maintenance (boats, trailers, fishing gear, motors, facilities...etc). It is not uncommon throughout the history of LDWF that Boat Captains have these responsibilities, most biologist encourage it, makes less work for them. Further, based on Mr. Newman's experiences and expertise, if the weather forecast was wrong or the weather broke Mr. Newman took initiative and tried to obtain samples. It was cost effective to let team members go home if weather did not look favorable for sampling as opposed to having the whole team on the clock. Biologist have other responsibilities and desk work (reports...etc) to do, caring for this facility and equipment was the boat captain's main task. Again, I do not recall and LDWF fisheries independent sampling programs that require a biologist be present.

It should also be noted that no where is it stated that a biologist must take the samples or even be present during the sampling. There are currently no LDWF programs that would state that nor does the MOU between BP and LDWF.

The Legislative Auditor's Report further indicates that the number of required samples or places that samples were taken were inadequate according to the MOU. It

should be noted that you can only catch fish if they are present and willing to eat. Many of the targeted species are only available seasonally and that is not guaranteed. Fish in the east are relatively close to shore 10's of miles as opposed to 100's in the central and west. This provided a less expensive source of samples due to less travel time. Approximately, 75% of the oil accommodated in the east zone, clearly it made sense to focus efforts there (75% of the oil and 68% of the samples). The initial plan called for an even spread across zones because it was unknown exactly where the oil would appear. Once it was apparent and known that the majority of the oil was in the east zone, it was determined that should be where the majority of the samples should come from.

Venice is 2 ½ hours south of New Orleans at the end of the Miss. River and required staff to be away from their homes, and families for days at a time. Some of the staff were more worried about getting back home or not wanting to work on weekends. This can make scheduling difficult. Mr. Newman and Ms. Savoy routinely stayed to do required maintenance and collect samples in case weather conditions changed. This can happen on the weekends. I would love to have go getters like this on my team.

Boats

Two (2) boats were used on occasion. One vessel is the primary vessel one is the back up. These vessels were equipped with multiple outboard motors, which do break. So a backup vessel was an effective way to deal with vessels breaking and not missing samples. If you run them both, you run the risk of have both out of action and getting no samples. If a vessel went down and heaven forbid it needed a new outboard motor it could be out of commission for extended time.

Equipment

There's no such thing as marlin gear; however, there is big game fishing gear, that could be used to collect tuna. Scuba gear is another reasonable and effective way of collecting fish, they don't always want to eat. Marlin sit at the top of the food chain; hence, providing a look at what these animals are eating.

Certain types of gear are expensive. i.e. foul weather gear, anti-slip shoes, etc. Groceries cost \$1,180 per month. If we would have allowed them to claim per diem it would have cost much more. There are plenty of examples of custodian type facilities at LDWF around the state. Let's assume, 3 people per day 4 days per week at the day per diem rate of \$42 per day.

Here's a very conservative example:

$$3 \text{ people} \times 16 \text{ days/month} \times \$42/\text{day} = \$2,016/\text{month}$$

Lodging

Due to clean up and restoration efforts caused by the Deep Water Horizon spill, lodging was hard to come by and what was available was at a premium price due to BP dumping money into the area. Repairs and improvements were part of the lease agreement (lease agreement was approved by the DOA). The Grand Isle facility was standing room only at that time. In fact, during normal times if the entire GI staff is present at the lab (no visitors), there is not enough lodging. That's why we recently built a new 24-person dorm at the GI facility.

Cameras, Computers and other Equipment

Ipads are used to check email, weather, navigation...etc. There are hundreds of apps that are extremely useful for this type of conditions. It is the 21st century. We were also in the process of developing apps to enter data.

Other Programs

It states their cards were used to purchase items for other programs, it doesn't say that it was charged to the BP grant. It is routine for employees to work on different programs within Fisheries especially if they have a passion for it, that's good for morale. Gulf Source was the website where the data was made public. There were promotional items associated with that website.

Conflicts

There were at least 4 to 5 managers (including the Director of Fisheries Operation and the Fisheries Administrator) between me and the Venice team. If there were occasions where a conflict rose to my level, I would speak to both parties and make a decision based what sounded reasonable to me. I do not recall nor is it stated that anyone came or emailed me with any real concerns like missing items. I also do recall the Dept's head of Property Control personally checking this teams inventory on site! To the best of my memory, she never submitted anything expressing concern to me. I do not recall Mr. Bateman's expressing these concerns to me. We would have obtained the list for him.

I do not recall being notified that items were going missing. Besides that, the 4 to 5 managers between me and the Venice team never came to me with this concern, that I recall. Remember, the Fisheries Operations Director and Fisheries Administrator were in that chain. They should have taken action. Note that they are never mentioned in this document only a few uninformed low level biologists. When Mr. Falterman was hired, he was immediately put over that team and I personally asked him to keep his eyes and ears open. I met with him every few weeks. I felt he had things under control. I also don't recall a lock change request, but it seems reasonable to me.

Sponsorships

There are plenty of eyes on these types of actions (purchasing, accounting, legal). Plus, the Dept. of Administration. Once an item like this got to me it was reasonable to assume it was good to go due to the diligent review process.

Contracts

The private entities mentioned are public charities as determined by the IRS, they are 501(c)3's. Rodeos are extremely important to the recreational angler's local communities they support. They bring a lot of outside money into those communities. LDWF did a study that showed a \$500,000 impact of outside the parish money into Plaquemines Parish for a typical 3-day rodeo, and this was over 8 years ago.

Conclusions

While I am not privy to all the reports and documents available to respond to these findings, I will unequivocally state that the "testing program" in fact did have sufficient sampling of fish for contamination and did not spend excessively. As a matter of fact, the spending of money was used in such a sufficient manner and all goals of the testing program were accomplished and we were able to do it under the proposed budget of 18 million dollars. The testing program was very successful and provided the data needed to confirm that all seafood from Louisiana waters intended for consumption was safe to consume.

It is my understanding that the MOU was used instead of an actual contract in order to adjust it as we went, in order to best utilize the money. Fishing and the collections of fish type are constantly changing. No fisherman can accurately predict when, where or how many fish they will ever catch. This is true for commercial fisherman as well as recreational fishing. Weather, mechanical problems, and fish patterns are constantly changing and we had to be ready for all of these problems.

As indicated, this was a constant work in progress when the MOU was signed. It would have been unreasonable and unsafe for us to not concentrate the majority of sampling in the Eastern Zone where 75% of the oil was found. Had we done so, we would be writing this response on why we didn't concentrate in that area, and how we didn't use sound judgement and decision making when properly using the money provided by BP.

Sincerely,

Randy Pausina

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September 27, 2016

Via Certified Mail, Return Receipt Requested:

Ms. Jenifer Schaye
Counsel for Louisiana Legislative Auditor
1600 North Third Street
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Baton Rouge, Louisiana 70804-9397

***Re: Response of Eric Newman to
Financial Audit Services Procedural Report of September, 2016
As to Department of Wildlife and Fisheries' Management
Oversight of Funds and Operations
WGL File No. 16-C-0788***

Dear Ms. Schaye:

We have been retained by Eric Newman to represent his interests in connection with the Financial Audit Services Procedural Report of September, 2016, issued by the Louisiana Legislative Auditor as to the Department of Wildlife and Fisheries' Management Oversight of Funds and Operations, and on behalf of Mr. Newman now formally respond to Legislative Auditor's findings and conclusions, relative to the BP Tissue Sampling Program in Venice, Louisiana, i.e., the Venice Team, headed by Mr. Newman:

As the Legislative Auditor noted, BP Exploration & Production, Inc. ("BP") entered a Memorandum of Understanding ("MOU") on November 18, 2010, with the Office of the Lieutenant Governor of the State of Louisiana and the Louisiana Department of Wildlife and Fisheries ("LDWF"), recognizing the importance of the seafood industry to Louisiana and the need for continued testing of seafood and communication of those test results to assure consumers and the general public that Louisiana seafood was safe after the April 2010 Deepwater Horizon Oil Spill ("Oil Spill"). The MOU provided that LDWF would develop and implement a seafood safety testing program ("Seafood Testing Program"), running three years from the MOU, to address seafood markets and supporting market industries that may have been negatively affected by the Oil Spill. Per the MOU, BP would pay \$18,000,00.00 to LDWF to fund the Seafood Testing Program, which required LDWF to test samples of finfish and shellfish seafood groups for oil and its component parts, dispersants and heavy metals for a portion of the samples. In exchange, LDWF was to provide BP with all data generated under the Seafood Testing Program.

Although BP authorized up to \$18 million in funding for the Seafood Testing Program, the LDWF, including the work of the Venice Team, successfully completed the program, utilizing only \$10.5 million of the funds allocated BP, without a penny from the Louisiana taxpayers. According to the Legislative Auditor, the LDWF, and more specifically the Venice Team, in administering the Seafood Testing Program from December 4, 2010 through August 14, 2014, was guilty of excessive and unnecessary spending. Mr. Newman denies these findings of the Legislative Auditor.

To being with, Mr. Newman officially resigned from his state job on December 31, 2013 and had ended his participation in the BP Seafood Testing Program by the beginning of November 2013. More importantly, the Venice Team did not spend over \$3 million as indicated by the Legislative Auditor. Although the LDWF may have spent over \$3 million of BP monies under the BP Seafood Testing Program, the Venice Team did not. The Venice Team did not have the purchasing authority to buy boats or to pay for lodging and other high priced items. Such items went through the proper purchasing procedures within the LDWF. For example, boats used by the Venice Team went through a full marine survey where they were appraised before purchased by the LDWF, and they are still in the possession of the LDWF.

Mr. Newman acknowledges a second, backup offshore boat was purchased through LDWF and used by the Venice Team because of the significant amount of wear and tear, being put on the boat, and because of boat repair/breakdown. The Venice Team had a boat that was out of operation for months at a time due to Tsunami delays in obtaining parts from Japan for the Yamaha 350 hp motor, the power heads of which were failing at a high rate. The Venice Team had to obtain a different brand motor to handle the situation. One of the boats used by the Venice Team was not inventoried because programs being developed to use that boat in the future.

The recreational vehicle, cited in the Legislative Auditor's report as having been purchased for Mr. Newman and the Venice Team, was not purchased for or used by Mr. Newman and the Venice Team. As for food, the Venice Team was given written permission by the Secretary of LDWF to purchase groceries and household items as they did because it was far more cost effective than paying Mr. Newman and the Venice Team per diem.

With regard to cameras and video equipment, Mr. Newman and the Venice Team used the equipment to take photographs and videos, which were used all over the LDWF for fish identification work and to promote Louisiana recreation and industry. All photographs and video were left on a desktop computer returned to the LDWF or the biologists. The iPads were used to document information on the water for sampling, such as location, size, and species of fish caught, as well as to obtain weather forecasts and backup navigational aids through a GPS application, called INavX. In addition, the iPads were used to determine water conditions with a service called Hiltons realtime Navigator.

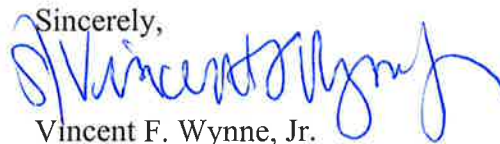
As for rod and reels, coolers and other sporting equipment, much of the equipment was used between 2010 and 2013 and was not tagged or inventoried in 2016. Numerous individuals had access to the equipment since Mr. Newman's departure from LWFD. Some items were purchased while he was based in Grand Isle and remained with the Grand Isle Team. The Auditor also does recognize the numerous items subject to breakage or lost during the work. Because there was no tagging or inventorying, there was no way to keep track of breakage, wear and tear, or lost items. Mr. Newman has attached hereto inventories from his departure.

Over the course of three years, the Venice Team under the direction of Mr. Newman handled the nearshore segment of the BP Seafood Testing Program with the collection and tissue sampling of pelagic and reef fish. Per the Legislative Auditor, the Venice Team “was tasked with obtaining 36 samples of reef fish and 30 samples of pelagic fish per month for a total of 2,376 samples during the programs three year period.” However, according to the Legislative Auditor, the Venice Team collected only 1,091 samples, which was 46% of the required samples. What the Legislative Auditor failed to consider is Mr. Newman on behalf of the Venice Team was never informed that a set number of samples was required for the Program. Nor was Mr. Newman provided with the LDWF Seafood Safety Testing Sampling Protocol referenced in the Legislative Auditor’s Report, which incidentally post-dates the BP Memorandum of Understanding and which we understand evolved as field observers learned more and more about the location of the oil.

Mr. Newman was directed to obtain one set of as many different species of pelagic and reef fish as possible; obtaining two sets of pelagic and reef fish was never discussed with Mr. Newman or the Venice Team. Based on his experience as a fisherman, Mr. Newman expected that sample collection each month would vary with the availability of species in the area, as well as the season. Interestingly, the LDWF Seafood Safety Testing Sampling Protocol, referenced by the Legislative Auditor, does not even “require” a set number of samples. While an optimal number of samples is suggested, the LDWF Seafood Safety Testing Sampling Protocol recognizes the sample sizes would vary with the availability and seasonality of fish species in nearshore waters. The Legislative Auditor ignored this caveat. The LDWF Seafood Safety Testing Sampling Protocol provides in pertinent part:

Nearshore tissue samples will be collected monthly from 1 of 3 nearshore sampling zones for Nearshore Shrimp (32 samples) (Figure 2). A full set of samples for the coast of Louisiana will be collected each quarter. Site selection will follow the standardized protocol of the department’s nearshore resource monitoring project. Two sets of Nearshore Reef Fish (36 samples) and Nearshore Pelagic Fish (30 samples) will be collected monthly. Sites will be selected to best represent areas of greatest recreational and commercial fishing activity. A total of 98 tissue samples will be collected monthly for processing. Monthly sample collection will vary depending on the availability of those species in nearshore waters. Fish species sampled will be based on the seasonal occurrence of fish species in the recreational and commercial harvest.

Mr. Newman rejects the Legislative Auditor’s contention that his Venice Team failed to follow Protocol. A sufficient number of samples were caught, sampled and tested as a result of the Venice Team’s work, under the direction of Mr. Newman, which resulted in the Department of Health and Hospital’s finding that Louisiana Seafood is safe.

Sincerely,

Vincent F. Wynne, Jr.

VFW/skl

cc: Mr. Eric Newman

APPENDIX B: LEGAL PROVISIONS

- **Memorandum of Understanding between BP Exploration & Production Inc. (BP) and the Louisiana Department of Wildlife and Fisheries (LDWF) and the Office of the Lieutenant Governor of the State of Louisiana (MOU) section 1.A.(iii)** provides that, “sample sizes and frequency of sample collections from State waters, seafood processors, dockside or other appropriate locations will be at a level reasonably determined by LDWF, to test the safety of seafood.”
- **MOU section 1.B.(i)** provides that, “the parties agree that all data collection will comply with generally accepted protocols applicable to the collection of data, including maintaining proper chain of custody.”
- **MOU section 1.B.(ii)** provides that, “LDWF agrees to provide BP with all data generated under the Testing Program, including sampling protocols, sampling locations, sample numbers and types, testing protocols, test results, raw data packages, and chain of custody documents. As this data becomes available, LDWF shall provide this data to BP on a monthly basis, in an electronic format. The Parties agree that BP will not be required to submit a public records request to obtain this data.”
- **MOU section 1.F.(i)** provides that, “LDWF will develop more detailed scopes of work for each of the sections 1.A. through 1.E. that will be attached to this MOU as appendices.”
- **MOU section 1.F.(iii)** provides that, “the Testing Program budget for the first twelve months shall include the funding of all capital outlays for facility improvement, initial staffing, and training. The remaining funds shall be used for in-State sample collection, testing, monitoring and staffing and training, as needed.”
- **LDWF Protocol (MOU required)** provides, in part, “a chain of custody form (Appendix I) must be completed for each sample, and must follow the sample until delivered to the DHH lab.”
- **LDWF Protocol (MOU required)** provides, in part, “two sets of Nearshore Reef Fish (36 samples) and Nearshore Pelagic Fish (30 samples) will be collected monthly. Sites will be selected to best represent areas of greatest recreational and commercial fishing activity. Monthly sample collection will vary depending on the availability of those species in nearshore waters. Fish species sampled will be based on the seasonal occurrence of fish species in the recreational and commercial harvest.”

APPENDIX C: SCOPE AND METHODOLOGY

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Wildlife and Fisheries (LDWF) for the period from July 1, 2014, through June 30, 2016. In addition, some of the procedures we performed relate to transactions and programs that occurred prior to July 1, 2014.

- Our auditors obtained and documented a basic understanding of LDWF's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to LDWF.
- We compared the most current and prior-year financial activity using LDWF's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from management for significant variances.
- Based on the documentation of LDWF's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to commercial license fees, civil penalties, public oyster seed ground development deposits, LaCarte purchasing card charges, movable property, payroll expenses, travel expenses, and other charges.
- The procedures performed during this engagement included interviewing LDWF employees; interviewing other persons as appropriate; examining selected LDWF documents and records; gathering and examining external parties' documents and records; and reviewing applicable state laws and regulations.

The purpose of this report is solely to describe the scope of our work at LDWF and not to provide an opinion on the effectiveness of the department's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be and should not be used for any other purpose.