Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Five copies of this public document were produced at an approximate cost of $15.35. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor’s Web site at www.lla.la.gov. When contacting the office, you may refer to Agency ID No. 3280 or Report ID No. 80080111 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne “Skip” Irwin, Administration Manager, at 225-339-3800.
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<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
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<td>Procedural Summary</td>
<td>3</td>
</tr>
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<td>Budgetary Comparison Schedule (Unaudited)</td>
<td>11</td>
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<td><strong>Appendix</strong></td>
<td></td>
</tr>
<tr>
<td>Management’s Corrective Action Plans and Responses</td>
<td>A</td>
</tr>
<tr>
<td>to the Findings and Recommendations</td>
<td></td>
</tr>
</tbody>
</table>
Our procedures at the Louisiana Department of Agriculture and Forestry (LDAF) for the period July 1, 2006, through June 30, 2009, disclosed:

- LDAF does not have an effective internal audit function to examine, evaluate, and report on its internal controls, including information systems, and to evaluate policies and procedures that comprise controls.

- LDAF did not retain supporting documentation for travel and petty cash expenditures from its imprest account.

- The finding identified in our prior report on LDAF, dated September 25, 2007, relating to inadequate controls over the use of state-owned aircraft has been resolved by management.

- No significant control deficiencies or errors relating to cash in bank accounts, movable property, federal and self-generated revenues and receivables, intrafund transfers, payroll expenditures, and certain nonpayroll expenditures, including LaCarte purchase card transactions, professional services, and compliance with the Public Bid Law were identified.

- No significant control deficiencies or noncompliance that would require reporting under Office of Management and Budget (OMB) Circular A-133 for the Food Donation (CFDA 10.550) federal program for the fiscal year ended June 30, 2008, were identified.

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

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Agriculture and Forestry for the period from July 1, 2006, through June 30, 2009.

- Our auditors obtained and documented a basic understanding of the Louisiana Department of Agriculture and Forestry’s (LDAF) operations and system of internal controls, including internal controls over major federal award programs administered by the department, through inquiry, observation, and review of the department’s policies and procedures documentation including a review of the related laws and regulations applicable to the department.

- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using LDAF’s annual fiscal reports and/or system-generated reports and obtained explanations from department management for any significant variances.

- Our auditors reviewed the status of the finding identified in the prior year engagement. In our prior report on LDAF, dated September 25, 2007, we reported a finding relating to inadequate controls over the use of state-owned aircraft.

- Based on the documentation of LDAF’s controls and our understanding of related laws and regulations, procedures were performed on selected controls and transactions relating to cash in bank accounts, movable property, federal and self-generated revenues and receivables, intrafund transfers, payroll expenditures, and nonpayroll expenditures, including LaCarte purchase card transactions, imprest account expenditures, professional services, and compliance with the Public Bid Law.

- Our auditors performed internal control and compliance testing, in accordance with OMB Circular A-133, on the Food Donation (CFDA 10.550) federal program for the fiscal year ended June 30, 2008, as a part of the Single Audit for the State of Louisiana.
Our auditors prepared a Budgetary Comparison Schedule for LDAF for the fiscal year ended June 30, 2009, using the Annual Fiscal Report of LDAF and additional data in the Integrated Statewide Information System (ISIS), the state’s accounting system. This schedule is presented as additional information but has not been subjected to auditing procedures.

Based on the application of these procedures, we have reported findings relating to an ineffective internal audit function and noncompliance with the record retention policy. The prior finding regarding inadequate controls over the use of state-owned aircraft has been resolved by management. We found no significant control deficiencies, noncompliance, or errors relating to our analytical procedures or our procedures on the selected controls and transactions listed above that should be communicated to management. We found no significant control deficiencies or noncompliance that would require reporting under OMB Circular A-133 for the Food Donation (CFDA 10.550) federal program for the fiscal year ended June 30, 2008.

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

**Ineffective Internal Audit Function**

LDAF does not have an effective internal audit function to examine, evaluate, and report on its internal controls, including information systems, and to evaluate policies and procedures that comprise controls. An effective internal audit function should provide management with assurances that the department’s assets are properly safeguarded; internal controls are established and operating in accordance with applicable laws and regulations; and internal controls are sufficient to prevent or detect errors and/or fraud in a timely manner.

Our review of the internal audit function for the period of our engagement disclosed that although the department hired an internal auditor in January 2004, no internal audits were performed during fiscal years 2007, 2008, and 2009. Considering the department’s revenues of $98,398,971; $102,699,627; and $93,307,647 for fiscal 2007, 2008, and 2009, respectively, an effective internal audit function is needed to ensure that the department’s assets are safeguarded and that management’s policies and procedures are uniformly applied.

Management should take the necessary steps to ensure that an effective internal audit function is established and maintained to (1) examine, evaluate, and report on its internal controls, including information systems; (2) safeguard the department’s assets; (3) ensure internal controls are established and operating in accordance with applicable laws and regulations; and (4) ensure internal controls are sufficient to prevent or detect errors and/or fraud in a timely manner. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 1).
Noncompliance With Record Retention Policy

LDAF did not retain supporting documentation for travel and petty cash expenditures from its imprest account. Louisiana Revised Statute (R.S.) 44:412 requires that the head of each agency establish and maintain an active, continuing program for the economical and efficient management of the records of the agency, and R.S. 44:411.A(1) requires that the head of each state agency submit a record retention schedule to the state archivist. In addition, the Division of Administration has issued Policy and Procedure Memorandum (PPM) 49, the *Louisiana Travel Guide*, which includes documentation requirements for travel reimbursements.

Our review of LDAF’s record retention policy disclosed that the policy previously approved by the state archivist expired in June 2003. LDAF has submitted a working draft to the state archivist and is awaiting approval. The department’s record retention policy requires that documentation be maintained for a minimum of seven years.

Our review of expenditures from the travel and petty cash imprest account for fiscal years 2007, 2008, and 2009 disclosed that LDAF did not maintain supporting documentation for six of 50 transactions tested. The expenditures for the six transactions totaled $51,073.

LDAF’s failure to retain records to support expenditures increases the risk that improper payments, whether because of error or fraud, may be made and not detected timely. In addition, failure to retain documentation ensuring that travel reimbursements have been made in accordance with PPM 49 subjects the department to noncompliance with Louisiana laws.

LDAF management should strengthen its controls over travel and petty cash expenditures to ensure that records are retained in accordance with state laws. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the department. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the department should be considered in reaching decisions on courses of action. The findings relating to the department’s compliance with applicable laws and regulations should be addressed immediately by management.

While we did not perform an audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, we did perform certain procedures related to compliance with federal laws and regulations in accordance with those standards. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.
The Annual Fiscal Report of the Department of Agriculture and Forestry was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The department’s accounts are an integral part of the State of Louisiana’s financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

This report is intended for the information and use of the department and its management and the Louisiana Legislature. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

CLM:CGEW:BQD:THC:dl

DAF99
Agency 160 - Agriculture and Forestry .........................................................................................11
# DEPARTMENT OF AGRICULTURE AND FORESTRY
## AGENCY 160 - AGRICULTURE AND FORESTRY

### Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2009

#### Appropriated Revenues:

<table>
<thead>
<tr>
<th></th>
<th>Total Before Adjustments</th>
<th>Agency Adjustments</th>
<th>Adjusted Total</th>
<th>Revised Budget</th>
<th>Variance FAVORABLE (UNFAVORABLE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund - direct</td>
<td>$54,604,087</td>
<td></td>
<td>$54,604,087</td>
<td>$54,605,171</td>
<td>($1,084)</td>
</tr>
<tr>
<td>Federal aid</td>
<td>12,848,519</td>
<td></td>
<td>12,848,519</td>
<td>14,683,460</td>
<td>(1,834,941)</td>
</tr>
<tr>
<td>General Fund - fees and self-generated</td>
<td>5,962,064</td>
<td></td>
<td>5,962,064</td>
<td>10,709,860</td>
<td>(4,747,796)</td>
</tr>
<tr>
<td>General Fund - interagency transfer (IAT)</td>
<td>7,159,452</td>
<td></td>
<td>7,159,452</td>
<td>14,066,542</td>
<td>(6,907,090)</td>
</tr>
<tr>
<td>Statistical dedications:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural Commodity Dealers and Warehouse Fund</td>
<td>350,000</td>
<td></td>
<td>350,000</td>
<td></td>
<td>(350,000)</td>
</tr>
<tr>
<td>Agricultural Commodity Commission</td>
<td>1,242,985</td>
<td></td>
<td>1,242,985</td>
<td>1,242,985</td>
<td></td>
</tr>
<tr>
<td>Apiary Fund</td>
<td>1,663</td>
<td></td>
<td>1,663</td>
<td>2,000</td>
<td>(337)</td>
</tr>
<tr>
<td>Boll Weevil Eradication Fund</td>
<td>5,555,405</td>
<td></td>
<td>5,555,405</td>
<td>7,753,377</td>
<td>(2,197,972)</td>
</tr>
<tr>
<td>Commercial Feed Fund</td>
<td>1,666</td>
<td></td>
<td>1,666</td>
<td>1,666</td>
<td></td>
</tr>
<tr>
<td>Crop Pests and Diseases Fund</td>
<td>479,666</td>
<td></td>
<td>479,666</td>
<td>479,666</td>
<td></td>
</tr>
<tr>
<td>Feed Commission Fund</td>
<td>146,369</td>
<td></td>
<td>146,369</td>
<td>198,506</td>
<td>(52,137)</td>
</tr>
<tr>
<td>Fertilizer Commission Fund</td>
<td>22,872</td>
<td></td>
<td>22,872</td>
<td>414,638</td>
<td>(391,766)</td>
</tr>
<tr>
<td>Forest Productivity Fund</td>
<td>3,034,857</td>
<td></td>
<td>3,034,857</td>
<td>3,034,857</td>
<td></td>
</tr>
<tr>
<td>Forest Protection Fund</td>
<td>807,200</td>
<td></td>
<td>807,200</td>
<td>830,000</td>
<td>(22,800)</td>
</tr>
<tr>
<td>Grain and Cotton Indemnity Fund</td>
<td>1,200,000</td>
<td></td>
<td>1,200,000</td>
<td>1,200,000</td>
<td></td>
</tr>
<tr>
<td>Horticulture Commission Fund</td>
<td>920,982</td>
<td></td>
<td>920,982</td>
<td>924,312</td>
<td>(3,330)</td>
</tr>
<tr>
<td>Louisiana Agricultural Finance Authority Fund</td>
<td>12,000,000</td>
<td></td>
<td>12,100,000</td>
<td>12,000,000</td>
<td></td>
</tr>
<tr>
<td>Livestock Brand Commission Fund</td>
<td>10,470</td>
<td></td>
<td>10,470</td>
<td>10,470</td>
<td></td>
</tr>
<tr>
<td>Pesticide Fund</td>
<td>3,490,490</td>
<td></td>
<td>3,490,490</td>
<td>3,905,885</td>
<td>(415,395)</td>
</tr>
<tr>
<td>Petroleum &amp; Petroleum Products Fund</td>
<td>5,390,622</td>
<td></td>
<td>5,390,622</td>
<td>5,390,622</td>
<td></td>
</tr>
<tr>
<td>Seed Commission Fund</td>
<td>424,250</td>
<td></td>
<td>424,250</td>
<td>424,250</td>
<td></td>
</tr>
<tr>
<td>State Emergency Response Fund</td>
<td>1,168,031</td>
<td></td>
<td>1,168,031</td>
<td>1,168,031</td>
<td></td>
</tr>
<tr>
<td>Structural Pest Control Commission Fund</td>
<td>624,617</td>
<td></td>
<td>624,617</td>
<td>1,071,499</td>
<td>(446,882)</td>
</tr>
<tr>
<td>Sweet Potato Pests and Diseases Fund</td>
<td>96,142</td>
<td></td>
<td>96,142</td>
<td>315,107</td>
<td>(218,965)</td>
</tr>
<tr>
<td>2004 Overcollection Fund</td>
<td>336,397</td>
<td></td>
<td>336,397</td>
<td>336,397</td>
<td></td>
</tr>
<tr>
<td>Total Appropriated Revenues</td>
<td>$114,805,871</td>
<td></td>
<td>$114,805,871</td>
<td>$130,962,400</td>
<td>($16,156,529)</td>
</tr>
</tbody>
</table>

(Continued)
### DEPARTMENT OF AGRICULTURE AND FORESTRY
#### AGENCY 160 - AGRICULTURE AND FORESTRY
#### Budgetary Comparison Schedule
#### For the Fiscal Year Ended June 30, 2009

#### APPROPRIATED EXPENDITURES:

<table>
<thead>
<tr>
<th></th>
<th>MANAGEMENT AND FINANCE</th>
<th>AGRICULTURAL AND ENVIRONMENTAL SCIENCES</th>
<th>ANIMAL HEALTH SERVICES</th>
<th>AGRO-CONSUMER SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$6,239,603</td>
<td>$5,163,228</td>
<td>$6,298,120</td>
<td>$3,496,259</td>
</tr>
<tr>
<td>Other compensation</td>
<td>117,753</td>
<td>119,677</td>
<td>602,115</td>
<td>163,492</td>
</tr>
<tr>
<td>Related benefits</td>
<td>5,737,226</td>
<td>1,579,915</td>
<td>2,011,094</td>
<td>1,057,440</td>
</tr>
<tr>
<td>Travel and training</td>
<td>52,083</td>
<td>38,766</td>
<td>36,131</td>
<td>18,275</td>
</tr>
<tr>
<td>Operating services</td>
<td>604,021</td>
<td>113,137</td>
<td>372,163</td>
<td>112,402</td>
</tr>
<tr>
<td>Supplies</td>
<td>377,105</td>
<td>8,185,494</td>
<td>91,780</td>
<td>216,891</td>
</tr>
<tr>
<td>Professional services</td>
<td>20,581</td>
<td>8,632</td>
<td>1,442</td>
<td>21,141</td>
</tr>
<tr>
<td>Other charges</td>
<td>19,042</td>
<td>8,185,494</td>
<td>91,780</td>
<td>216,891</td>
</tr>
<tr>
<td>Capital outlay</td>
<td>343,149</td>
<td>6,494</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt services</td>
<td>15,000,000</td>
<td>11,005,403</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IAT</td>
<td>2,221,512</td>
<td>229,995</td>
<td>171,043</td>
<td>178,478</td>
</tr>
<tr>
<td>Auxiliary program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total appropriated expenditures before adjustments</td>
<td>30,732,075</td>
<td>6,186,644</td>
<td>26,726,419</td>
<td>15,709,653</td>
</tr>
<tr>
<td>System adjustments</td>
<td>(16,135)</td>
<td>(53,130)</td>
<td>(270,003)</td>
<td>(4,055)</td>
</tr>
<tr>
<td>Total Appropriated Expenditures</td>
<td>30,715,940</td>
<td>6,133,514</td>
<td>26,456,416</td>
<td>15,705,598</td>
</tr>
<tr>
<td>Revised Budget</td>
<td>31,695,292</td>
<td>7,082,646</td>
<td>23,688,506</td>
<td>5,497,731</td>
</tr>
</tbody>
</table>

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

Additional detail is available on request.

(Concluded)
<table>
<thead>
<tr>
<th></th>
<th>SOIL AND WATER CONSERVATION</th>
<th>AUXILIARY ACCOUNT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FORESTRY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$11,224,392</td>
<td>$479,819</td>
<td>$828,811</td>
<td>$35,763,901</td>
</tr>
<tr>
<td>13,444</td>
<td>875</td>
<td>203,527</td>
<td>1,247,982</td>
</tr>
<tr>
<td>3,138,429</td>
<td>111,257</td>
<td>287,124</td>
<td>14,420,877</td>
</tr>
<tr>
<td>44,522</td>
<td>15,841</td>
<td>(346)</td>
<td>215,248</td>
</tr>
<tr>
<td>439,675</td>
<td>22,658</td>
<td></td>
<td>3,202,292</td>
</tr>
<tr>
<td>863,187</td>
<td>15,308</td>
<td></td>
<td>7,979,054</td>
</tr>
<tr>
<td>2,428</td>
<td></td>
<td></td>
<td>94,308</td>
</tr>
<tr>
<td>5,895,633</td>
<td>3,596,749</td>
<td>1,162</td>
<td>19,654,881</td>
</tr>
<tr>
<td>224,076</td>
<td></td>
<td></td>
<td>581,272</td>
</tr>
<tr>
<td>1,233,052</td>
<td>13,136</td>
<td></td>
<td>4,108,710</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>984,099</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>984,099</td>
</tr>
<tr>
<td>23,078,838</td>
<td>4,255,643</td>
<td>2,304,377</td>
<td>114,258,027</td>
</tr>
<tr>
<td>(475,264)</td>
<td>(1,198)</td>
<td>(30)</td>
<td>(820,825)</td>
</tr>
<tr>
<td>22,603,574</td>
<td>4,254,445</td>
<td>2,304,347</td>
<td>113,437,202</td>
</tr>
<tr>
<td>23,078,844</td>
<td>5,898,372</td>
<td>5,129,610</td>
<td>130,962,400</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$475,270</td>
<td>$1,643,927</td>
<td>$2,825,263</td>
<td>$17,525,198</td>
</tr>
</tbody>
</table>

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Management’s Corrective Action Plans and Responses to the Findings and Recommendations
July 8, 2010

Daryl G. Purpera, CPA, CFE
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804

Dear Mr. Purpera:

Re: Ineffective Internal Audit Function

The Louisiana Department of Agriculture and Forestry is in receipt of the reportable audit finding pursuant to your letter dated May 27, 2010. The department concurs with the finding that it does not have an effective internal audit function.

Significant budget constraints and a reallocation of human resources have limited the department’s ability to fulfill the internal audit function. However, the department intends to fill this need in the current year to provide for the safeguarding of department assets.

Sincerely,

Craig Gannuch
Assistant Commissioner for Management and Finance
July 8, 2010

Daryl G. Purpera, CPA, CFE
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804

Dear Mr. Purpera:

Re: Noncompliance with Record Retention Policy

The Louisiana Department of Agriculture and Forestry is in receipt of the reportable audit finding pursuant to your letter dated June 15, 2010. The department concurs with the finding that it did not retain some supporting documentation for travel and petty cash expenditures from its imprest account.

This finding occurred in the early part of the fiscal year prior to staffing and procedural changes. The travel and imprest accounting desk now retains all records pursuant to policy. The department will continue to maintain an efficient management of travel and imprest account records.

Sincerely,

Craig Gannuch
Assistant Commissioner for Management and Finance