

DEPARTMENT OF NATURAL RESOURCES
STATE OF LOUISIANA



MANAGEMENT LETTER

ISSUED NOVEMBER 16, 2005

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

LEGISLATIVE AUDIT ADVISORY COUNCIL

REPRESENTATIVE CEDRIC RICHMOND, CHAIRMAN
SENATOR J. "TOM" SCHEDLER, VICE CHAIRMAN

SENATOR ROBERT J. BARHAM
SENATOR WILLIE L. MOUNT
SENATOR EDWIN R. MURRAY
SENATOR BEN W. NEVERS, SR.
REPRESENTATIVE RICK FARRAR
REPRESENTATIVE HENRY W. "TANK" POWELL
REPRESENTATIVE T. TAYLOR TOWNSEND
REPRESENTATIVE WARREN J. TRICHE, JR.

LEGISLATIVE AUDITOR

STEVE J. THERIOT, CPA

DIRECTOR OF FINANCIAL AUDIT

PAUL E. PENDAS, CPA

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. Six copies of this public document were produced at an approximate cost of \$14.10. 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.state.la.us. When contacting the office, you may refer to Agency ID No. 3356 or Report ID No. 05002467 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, Director of Administration, at 225/339-3800.



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

October 27, 2005

DEPARTMENT OF NATURAL RESOURCES
STATE OF LOUISIANA
Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 2005, we considered the Department of Natural Resources' internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the State of Louisiana's financial statements; and we tested the department's compliance with laws and regulations that could have a direct and material effect on the State of Louisiana's financial statements as required by *Government Auditing Standards*.

The Annual Fiscal Report of the Department of Natural Resources is 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.

In our prior management letter on the Department of Natural Resources for the year ended June 30, 2004, we reported a finding relating to a lack of a disaster recovery/business continuity plan. The finding is addressed again in this letter.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2005.

Lack of a Disaster Recovery/Business Continuity Plan

For the fourth consecutive year, the Department of Natural Resources does not have a disaster recovery/business continuity plan. Good internal control requires that the department develop a written disaster recovery/business continuity plan to provide for the timely restoration of critical operations in the event that normal data processing facilities are unavailable for an extended period of time.

Although the department has a contract that is anticipated to result in a disaster recovery/business continuity plan by December 2005, the department did not have a disaster recovery/business continuity plan for fiscal year 2005. Failure to implement a

disaster recovery/business continuity plan increases the risk that untimely or excessive delays in processing critical data may occur and that critical data may be lost.

The department should prepare a written disaster recovery/business continuity plan that is tested periodically and updated as necessary to ensure that the plan continues to meet the department's needs. Management concurred with the finding and provided a corrective action plan (see Appendix A).

The recommendation in this letter represents, in our judgment, that most likely to bring about beneficial improvement to the operations of the department. The nature of the recommendation, its implementation costs, and its potential impact on the operations of the department should be considered in reaching decisions on courses of action.

This letter is intended solely for the information and use of the department and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to the appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

MMG:EFS:PEP:dl

DNR05

Management's Corrective Action
Plan and Response to the
Finding and Recommendation

State of Louisiana



KATHLEEN BABINEAUX BLANCO
GOVERNOR

SCOTT A. ANGELLE
SECRETARY

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MANAGEMENT AND FINANCE

October 27, 2005

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

RE: Lack of Disaster Recovery/Business Continuity Plan

Dear Mr. Theriot:

The Department of Natural Resources concurs with this finding. While DNR does not currently have a disaster recovery plan, the Department has taken steps to mitigate its vulnerability by moving our central file servers to a secure site operated by the Division of Administration and performing off site storage of back-up files in a secure facility. To address this specific finding, DNR in conjunction with DOTD and DEQ, in August of 2003, sought funding from the Louisiana Technology Innovation Fund (LTIF). We then entered into a contact with Northrup Grumman Consultants to develop a plan in September of 2004. Currently we are beginning the training and implementation phase of the contract and intend to have a request for proposal for consideration after the first of the calendar year.

As you can see DNR takes this matter very seriously and has taken aggressive action to address it.

If you have any questions in regard to this matter or wish to discuss it further, do not hesitate to call me at 342-4534.

Sincerely,

Robert D. Harper
Undersecretary

RDH/mh