

DEPARTMENT OF CULTURE, RECREATION AND TOURISM
STATE OF LOUISIANA



PROCEDURAL REPORT
ISSUED DECEMBER 22, 2010

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

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Our procedures at the Department of Culture, Recreation and Tourism (CRT) for the period July 1, 2008, through June 30, 2010, disclosed:

- For the second consecutive engagement, CRT has not established adequate controls over fees and self-generated revenues earned by state parks to ensure that revenues are allocated to the respective state parks in accordance with Louisiana laws and to ensure that revenues collected by its vendor are accurate and complete.
- The finding identified in the prior report on CRT, dated October 27, 2008, relating to lack of controls over museum artifacts loaned to the state for exhibition has been resolved by management.
- No significant control deficiencies or errors relating to cash, movable property, or payroll expenditures were identified.
- No significant control deficiencies or noncompliance that would require reporting under Office of Management and Budget (OMB) Circular A-133 for the State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act (CFDA 84.397) federal program for the fiscal year ended June 30, 2010, 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 CRT's assistance in the successful completion of our work.

Background

CRT was created under Louisiana Revised Statute 36:201 and is in the Office of the Lieutenant Governor, who may be referred to as the commissioner of Culture, Recreation and Tourism. CRT is responsible for planning, developing, and implementing improved opportunities for the enjoyment of cultural and recreational activities by the people of Louisiana and for greater development of their cultural and physical potential. CRT is further responsible for:

- Development, maintenance, and operation of the state library, state parks, state museums, and other cultural facilities
- Statewide development and implementation of cultural, recreational, and tourism programs
- Planning for the future leisure needs of the citizens of the state
- Promoting the state through its tourism programs

CRT includes the following offices:

- Office of the State Library
- Office of the State Museum
- Office of State Parks
- Office of Cultural Development
- Office of Tourism



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 3, 2010

**DEPARTMENT OF CULTURE,
RECREATION AND TOURISM
STATE OF LOUISIANA**
Baton Rouge, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Culture, Recreation and Tourism (CRT) for the period from July 1, 2008, through June 30, 2010.

- Our auditors obtained and documented a basic understanding of CRT's operations and system of internal controls, including internal controls over major federal award programs administered by CRT through inquiry, observation, and review of its policies and procedures documentation including a review of the related laws and regulations applicable to CRT.
- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using CRT's annual fiscal reports and/or system-generated reports and obtained explanations from CRT management for any significant variances.
- Our auditors reviewed the status of the findings identified in the prior engagement. In our prior report on CRT, dated October 27, 2008, we reported findings relating to the lack of controls over museum artifacts loaned to the state for exhibition and inadequate controls over allocation of revenues to state parks. The finding on museum artifacts has been resolved by management. The finding on allocation of revenues is repeated in this report.
- Based on the documentation of CRT'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, revenues, and payroll expenditures.
- Our auditors performed internal control and compliance testing, in accordance with OMB Circular A-133, on the State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act (CFDA 84.397) federal program for the

fiscal year ended June 30, 2010, as a part of the Single Audit for the State of Louisiana.

- Our auditors prepared Budgetary Comparison Schedules for CRT for the fiscal year ended June 30, 2010, using the Annual Fiscal Reports of CRT and additional data in the Integrated Statewide Information System (ISIS), the state's accounting system. These schedules are presented as additional information but have not been subjected to auditing procedures.

Based on the application of these procedures, we have reported a repeat finding relating to inadequate controls over state park revenue. We found no other significant control deficiencies, noncompliance, or errors relating to our analytical procedures or our other audit procedures, including our procedures on federal programs, that should be communicated to management.

The following significant finding is included in this report for management's consideration.

Inadequate Controls Over State Park Revenue

For the second consecutive engagement, CRT has not established adequate controls over fees and self-generated revenues earned by state parks to ensure the revenues are allocated to the respective state parks in accordance with Louisiana laws and to ensure that revenues collected by its vendor are accurate and complete. Louisiana Revised Statute (R.S.) 56:1703 provides that the fees and self-generated revenues earned by the state parks be deposited into the Louisiana State Parks Improvement and Repair Fund. The monies in the fund shall be allocated to each state park as follows: 50% of the revenues generated by a specific state park to that specific state park and the remaining 50% for use throughout the state park system. In addition, good internal controls require adequate procedures to ensure that revenues collected by a third party vendor be reviewed to ensure the revenues reported are accurate and complete.

CRT has a contract with Reserve America to operate its reservation system. State park reservations are initiated, processed, and reported in Reserve America's software application, Outdoor Recreation Management Suite (ORMS). During our procedures, we requested CRT's reconciliations of ORMS revenues to state park revenues recorded in ISIS, the state's accounting system, and to revenues allocated to the state parks. On January 19, 2010, CRT provided us with documentation of its planned reconciliation procedures, which at that time had not been implemented because of budget and workload constraints. On March 10, 2010, CRT provided us with reconciliations for July through December 2009, from two to eight months after the respective reporting periods; however, those reconciliations still contained unexplained variances. For the fiscal year ended June 30, 2010, collections reported in ORMS totaled \$8,670,557.

Failure to timely and completely reconcile the state park revenues may result in inaccurate allocation of those revenues to state parks and therefore noncompliance with state law. In addition, misstatements in revenues, whether because of error or fraud, may occur and not be detected timely. CRT should establish controls to ensure state park revenues are reconciled to ensure compliance with state law and to reduce the risk of misstatements of revenues. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A).

The recommendation in this report represents, in our judgment, that most likely to bring about beneficial improvements to the operations of CRT. The nature of the recommendation, its implementation costs, and its potential impact on the operations of CRT should be considered in reaching decisions on courses of action. This finding relating to CRT'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 Reports of CRT were not audited or reviewed by us, and, accordingly, we do not express an opinion on those reports. CRT'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 solely for the information and use of CRT and its management, others within CRT, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

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CRT 2010

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BUDGETARY COMPARISON SCHEDULES (UNAUDITED)

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UNAUDITED

**DEPARTMENT OF CULTURE, RECREATION AND TOURISM
AGENCY 261 - OFFICE OF THE SECRETARY**

**Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010**

APPROPRIATED REVENUES:

	TOTAL BEFORE ADJUSTMENTS	AGENCY ADJUSTMENTS	ADJUSTED TOTAL	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund - direct	\$3,088,620		\$3,088,620	\$3,106,341	(\$17,721)
General Fund - interagency transfer	2,536,764		2,536,764	2,591,014	(54,250)
Total Appropriated Revenues	\$5,625,384	NONE	\$5,625,384	\$5,697,355	(\$71,971)

APPROPRIATED EXPENDITURES:

	ADMINISTRATIVE	MANAGEMENT AND FINANCE	TOTAL
Salaries	\$528,820	\$2,115,655	\$2,644,475
Other compensation	963	94,925	95,888
Related benefits	166,824	719,463	886,287
Travel and training	29,679	6,827	36,506
Operating services	31,319	39,184	70,503
Supplies	4,519	15,108	19,627
Professional services	97,468	320	97,788
Other charges	150,114	1,205,860	1,355,974
Interagency transfer	190,281	228,056	418,337
Total appropriated expenditures before adjustments	1,199,987	4,425,398	5,625,385
System adjustments		(120)	(120)
Total Appropriated Expenditures	1,199,987	4,425,278	5,625,265
Revised Budget	1,239,927	4,457,428	5,697,355
Variance Favorable (Unfavorable)	\$39,940	\$32,150	\$72,090

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.

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**DEPARTMENT OF CULTURE, RECREATION AND TOURISM
AGENCY 262 - OFFICE OF THE STATE LIBRARY OF LOUISIANA**

**Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010**

APPROPRIATED REVENUES:

	<u>TOTAL BEFORE ADJUSTMENTS</u>	<u>AGENCY ADJUSTMENTS</u>	<u>ADJUSTED TOTAL</u>	<u>REVISED BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
General Fund - direct	\$6,171,389		\$6,171,389	\$6,171,389	
General Fund - fees and self-generated	9,026		9,026	40,905	(\$31,879)
Federal aid	3,471,954		3,471,954	6,024,490	(2,552,536)
Total Appropriated Revenues	<u>\$9,652,369</u>	<u>NONE</u>	<u>\$9,652,369</u>	<u>\$12,236,784</u>	<u>(\$2,584,415)</u>

APPROPRIATED EXPENDITURES:

	<u>LIBRARY SERVICES</u>
Salaries	\$2,645,213
Other compensation	23,140
Related benefits	1,133,656
Travel and training	15,355
Operating services	338,346
Supplies	28,497
Professional services	28,802
Other charges	3,822,311
Capital outlay	389,877
Interagency transfer	951,201
Total appropriated expenditures before adjustments	<u>9,376,398</u>
System adjustments	
Total Appropriated Expenditures	9,376,398
Revised Budget	<u>12,236,784</u>
Variance Favorable (Unfavorable)	<u>\$2,860,386</u>

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.

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**DEPARTMENT OF CULTURE, RECREATION AND TOURISM
AGENCY 263 - OFFICE OF STATE MUSEUM**

**Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010**

APPROPRIATED REVENUES:

	<u>TOTAL BEFORE ADJUSTMENTS</u>	<u>AGENCY ADJUSTMENTS</u>	<u>ADJUSTED TOTAL</u>	<u>REVISED BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
General Fund - direct	\$3,727,765		\$3,727,765	\$3,897,995	(\$170,230)
General Fund - fees and self-generated	354,454		354,454	354,454	
General Fund - interagency transfer	3,131,554		3,131,554	3,131,554	
Total Appropriated Revenues	<u>\$7,213,773</u>	<u>NONE</u>	<u>\$7,213,773</u>	<u>\$7,384,003</u>	<u>(\$170,230)</u>

APPROPRIATED EXPENDITURES:

	<u>MUSEUM</u>
Salaries	\$3,226,276
Other compensation	85,197
Related benefits	1,096,863
Travel and training	21,518
Operating services	862,831
Supplies	92,531
Professional services	28,365
Other charges	425,194
Interagency transfer	1,374,998
Total appropriated expenditures before adjustments	7,213,773
System adjustments	(2,943)
Total Appropriated Expenditures	7,210,830
Revised Budget	<u>7,384,003</u>
Variance Favorable (Unfavorable)	<u>\$173,173</u>

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.

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**DEPARTMENT OF CULTURE, RECREATION AND TOURISM
AGENCY 264 - OFFICE OF STATE PARKS**

**Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010**

APPROPRIATED REVENUES:

	<u>TOTAL BEFORE ADJUSTMENTS</u>	<u>AGENCY ADJUSTMENTS</u>	<u>ADJUSTED TOTAL</u>	<u>REVISED BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
General Fund - direct	\$12,297,260		\$12,297,260	\$12,297,261	(\$1)
General Fund - fees and self-generated	819,974		819,974	1,050,864	(230,890)
General Fund - interagency transfer	15,032,142		15,032,142	15,199,775	(167,633)
Federal aid	1,158,795		1,158,795	1,378,987	(220,192)
LA State Park improvements and repair	972,784		972,784	2,107,950	(1,135,166)
Overcollections fund	327,774		327,774	380,024	(52,250)
	<u>\$30,608,729</u>	<u>NONE</u>	<u>\$30,608,729</u>	<u>\$32,414,861</u>	<u>(\$1,806,132)</u>

APPROPRIATED EXPENDITURES:

	<u>PARKS AND RECREATION</u>
Salaries	\$12,432,584
Other compensation	1,604,378
Related benefits	4,689,540
Travel and training	25,191
Operating services	3,788,669
Supplies	2,111,372
Professional services	131,546
Other charges	1,365,737
Capital outlay	735,236
Interagency transfer	3,243,978
Total appropriated expenditures before adjustments	30,128,231
System adjustments	(1,538)
	<u>30,126,693</u>
Total Appropriated Expenditures	30,126,693
Revised Budget	<u>32,414,861</u>
Variance Favorable (Unfavorable)	<u>\$2,288,168</u>

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.

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**DEPARTMENT OF CULTURE, RECREATION AND TOURISM
AGENCY 265 - OFFICE OF CULTURAL DEVELOPMENT**

**Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010**

APPROPRIATED REVENUES:

	TOTAL BEFORE ADJUSTMENTS	AGENCY ADJUSTMENTS	ADJUSTED TOTAL	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund - direct	\$4,640,335		\$4,640,335	\$4,678,555	(\$38,220)
General Fund - fees and self-generated	40,492		40,492	524,000	(483,508)
General Fund - interagency transfers	2,446,742		2,446,742	3,454,016	(1,007,274)
Statutory dedication - Archaeological Curation Fund	40,000		40,000	40,000	
Federal aid	4,007,776		4,007,776	6,044,186	(2,036,410)
Overcollections fund	303,096		303,096	307,007	(3,911)
Total Appropriated Revenues	\$11,478,441	NONE	\$11,478,441	\$15,047,764	(\$3,569,323)

APPROPRIATED EXPENDITURES:

	CULTURAL DEVELOPMENT	ARTS PROGRAM	ADMINISTRATIVE	TOTAL
Salaries	\$877,702	\$511,578	\$320,527	\$1,709,807
Other compensation	36,581			36,581
Related benefits	296,276	136,798	102,733	535,807
Travel and training	15,474	5,704	7,330	28,508
Operating services	52,262	57,876	10,720	120,858
Supplies	13,319	537	1,851	15,707
Professional services	41,343	1,953	189	43,485
Other charges	3,658,972	4,342,476	707,456	8,708,904
Interagency transfer	95,951	4,733	49,263	149,947
Total appropriated expenditures before adjustments	5,087,880	5,061,655	1,200,069	11,349,604
System adjustments	(36,177)			(36,177)
Total Appropriated Expenditures	5,051,703	5,061,655	1,200,069	11,313,427
Revised Budget	8,582,087	5,245,291	1,220,386	15,047,764
Variance Favorable (Unfavorable)	\$3,530,384	\$183,636	\$20,317	\$3,734,337

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.

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UNAUDITED

**DEPARTMENT OF CULTURE, RECREATION AND TOURISM
AGENCY 267 - OFFICE OF TOURISM**

**Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010**

APPROPRIATED REVENUES:

	TOTAL BEFORE ADJUSTMENTS	AGENCY ADJUSTMENTS	ADJUSTED TOTAL	REVISED BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund - direct	\$524,834		\$524,834	\$524,834	
General Fund - fees and self-generated	22,259,740		22,259,740	36,988,655	(\$14,728,915)
General Fund - interagency transfer				43,216	(43,216)
Statutory dedications:					
Poverty Point Reservoir Development Fund	745,245		745,245	902,500	(157,255)
Audubon Golf Trail Development Fund	16,298		16,298	47,500	(31,202)
Federal aid	86,733		86,733	147,660	(60,927)
Total Appropriated Revenues	\$23,632,850	NONE	\$23,632,850	\$38,654,365	(\$15,021,515)

APPROPRIATED EXPENDITURES:

	ADMINISTRATIVE	MARKETING	WELCOME CENTERS	TOTAL
Salaries	\$469,361	\$343,535	\$1,458,853	\$2,271,749
Other compensation	3,564		305,464	309,028
Related benefits	296,501	111,144	460,126	867,771
Travel and training	15,621	71,443	15,284	102,348
Operating services	47,657	3,439,747	255,056	3,742,460
Supplies	16,266	29,861	53,597	99,724
Professional services		8,805,675		8,805,675
Other charges		6,523,554	170,649	6,694,203
Capital outlay			1,756	1,756
Major repairs			66,203	66,203
Interagency transfer	369,066	118,748	142,353	630,167
Total appropriated expenditures before adjustments	1,218,036	19,443,707	2,929,341	23,591,084
System adjustments		(115)		(115)
Total Appropriated Expenditures	1,218,036	19,443,592	2,929,341	23,590,969
Revised Budget	1,373,652	34,116,844	3,163,869	38,654,365
Variance Favorable (Unfavorable)	\$155,616	\$14,673,252	\$234,528	\$15,063,396

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.

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

State of Louisiana



SCOTT A. ANGELLE
LIEUTENANT GOVERNOR

PAM BREAU
SECRETARY

OFFICE OF THE LIEUTENANT GOVERNOR
DEPARTMENT OF CULTURE, RECREATION AND TOURISM
OFFICE OF THE SECRETARY

October 11, 2010

Daryl G. Purpera, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

In response to the notice of your reportable audit finding on Inadequate Controls over State Park Revenue, we have reviewed the finding and submit the following management comments.

Inadequate Controls Over State Park Revenue

The department concurs with the audit finding which cites that we have not established controls over fees and self-generated revenues earned by State Parks to ensure that the revenues are allocated to the respective state parks and to ensure that revenues collected by the vendor are accurate and complete.

As stated in the finding, CRT has a contract with Reserve America to operate its reservation system. During the recent negotiations of the new contract for the period 07/01/10-06/30/13, requirements were placed in the agreement that stated that the vendor had to provide a system that would ensure revenues were allocated to the respective state parks and that the department could readily reconcile Reserve America's system to the state's system. The issue of allocating revenue to the respective state park has been resolved. However, during this procedure the Office of Management and Finance and the Office of State Parks identified additional areas of concern that would affect the reconciliation process. The department has been communicating these concerns with Reserve America and it is now the department's understanding that a distribution report can be provided that will help to determine that the revenues are accurate and complete.

In addition, the department is in the process of reconciling previous months revenues recorded in the Outdoor Recreation Management Suite (ORMS) to that recorded in the state's accounting system, Integrated Statewide Information System (ISIS). With the use of numerous reports, all variances have been explained. Unfortunately, because of budget and workload constraints, the reconciliations are not being completed as timely as the department would like. Currently, the Office of Management and Finance reconciles the OSP revenues to ISIS and the OSP reconciles ORMS Revenue within the Call Center weekly so that detectable discrepancies are handled immediately. The department maintains a high level of confidence that the revenues are not misstated. We are continuing to work with Reserve America to ensure a more effective and efficient method to reconcile ORMS to ISIS.

If I can provide any further information prior to the issuance of your audit report, please let me know.

Sincerely,


Pam Breau
Secretary

C: Desiree Honore, Undersecretary
Stuart Johnson, Asst Secretary, Office of State Park