

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
PUBLIC SAFETY SERVICES
STATE OF LOUISIANA



PROCEDURAL REPORT
ISSUED OCTOBER 13, 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 Public Safety and Corrections, Public Safety Services (department) for the period July 1, 2009, through June 30, 2010, disclosed:

- During an internal quality control review of the federal program titled Commercial Driving License State Program (CFDA 20.232), the department determined that payments totaling \$8,215 were made to an Office of Motor Vehicles employee for overtime hours and mileage expenses that were not actually earned between May 2009 and March 2010. The employee was terminated and the department is in the process of recouping the funds.
- The department has the following control weaknesses over supplemental payments made to law enforcement personnel:
 - The department's supplemental pay program administrator is responsible for adding new law enforcement personnel to the system, making changes to law enforcement personnel's personal and bank account information, making changes to payment amounts, and deleting law enforcement personnel from the system who are no longer eligible for supplemental pay. These changes are not reviewed by any other departmental employee.
 - There is a lack of detailed written procedures for processing the monthly supplemental payments.

Although these control weaknesses existed during the engagement period, our procedures performed on a sample of 26 payments and additional procedures performed on all multiple payments in February 2010 to the same checking account disclosed no inappropriate payments.

- A review of the department's movable property records as of January 14, 2010, disclosed unlocated movable property items totaling \$1,508,042, which included unlocated computers and computer-related equipment totaling \$420,823. In addition, 31 items totaling \$876,989 were not reported to LPAA within the required 60 days of receipt. The number of days late ranged from seven to 721 days. This is the sixth year for this finding.
- The finding identified in our prior year report on the department, dated June 25, 2009, regarding insufficient monitoring of contracts for design of motor vehicles computer systems has been resolved by management.
- No significant control deficiencies or errors were detected relating to selected casino revenue transactions, video poker revenue transactions, control procedures over casino cash counts, or revenue transactions for the department's cafeteria.

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES _____

This work did not constitute an audit under auditing standards. 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.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

August 23, 2010

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
STATE OF LOUISIANA**
Baton Rouge, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Public Safety and Corrections, Public Safety Services (department) for the period from July 1, 2009, through June 30, 2010.

- Our auditors obtained and documented a basic understanding of the department operations and system of internal controls 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 current and prior year financial activity for the engagement period using the department's financial information and obtained explanations from the department's management for any significant variances.
- Our auditors reviewed the status of the findings identified in the prior year engagement. In our prior report on the department, dated June 25, 2009, we reported findings related to insufficient monitoring of contracts for design of motor vehicles computer systems and inadequate controls over movable property.
- Based on the documentation of the department's controls and our understanding of related laws and regulations, procedures were performed on selected controls and transactions relating to casino revenue, video poker revenue, casino cash counts, supplemental payments to law enforcement personnel, revenue transactions related to the department's cafeteria, and input of acquisitions into the state's property system.

- Our auditors prepared Budgetary Comparison Schedules for the department for the fiscal year ended June 30, 2010, using the Annual Fiscal Reports of the department and additional data from 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, the prior year finding regarding inadequate controls over movable property has been repeated in this report. The prior year finding regarding insufficient monitoring of contracts for design of motor vehicles computer systems has been resolved. We found no significant control deficiencies, noncompliance, or errors related to our analytical procedures or our procedures on selected controls and transactions relating to casino revenue, video poker revenue, casino cash counts, and the department's cafeteria revenue.

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

Misappropriation by Office of Motor Vehicles Employee

On March 29, 2010, the department reported a misappropriation of funds by an Office of Motor Vehicles employee totaling \$8,215, which represents questioned costs. These funds were reimbursed by the U.S. Department of Transportation through the Commercial Driving License State Program (CFDA 20.232). Louisiana Revised Statute (R.S.) 14:67 defines theft as the misappropriation or taking of anything of value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. R.S. 42:1461.A further states that public employees 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 are employed.

During an internal quality control review of the federal program, the department determined that payments were made to an Office of Motor Vehicles employee for overtime hours and mileage expenses that were not actually earned between May 2009 and March 2010. The employee has been terminated and the department is in the process of recouping the funds.

Although the misappropriation was eventually discovered through the internal quality control review, management's initial control procedures were not sufficient to timely detect inaccurate time sheets and requests for reimbursement of mileage expenses. Failure to establish and follow adequate control procedures increases the risk that errors and/or fraud could occur and not be detected in a timely manner.

Management should continue its efforts to detect fraudulent activity committed by its employees and strengthen its existing controls to reduce the likelihood that fraudulent activities occur in the future. In addition, management should work with the grantor to resolve the questioned costs. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 1-2).

Control Weaknesses Over Supplemental Pay to Law Enforcement Personnel

The department has control weaknesses over supplemental payments made to law enforcement personnel. R.S. 33:2218, 33:2002, and 13:2591 provide for monthly supplemental payments to be paid by the state to municipal police officers, firefighters, and constables and justices of the peace, respectively, that meet certain eligibility requirements. Municipal police officers and firefighters receive \$500 per month and constables and justices of the peace receive up to \$100 per month. The department processes approximately 12,000 supplemental payments each month. For fiscal year 2010, approximately \$70 million is budgeted for supplemental pay for municipal police offices, firefighters, constables, and justices of the peace. Good internal controls require the assignment of incompatible duties to separate individuals and, where this is not possible, the timely and adequate review of the work performed by upper management. Also, written procedures should be developed and enforced to ensure that payments are authorized and processed in accordance with department policy.

We noted the following weaknesses in controls over the processing of supplemental pay:

- The department's supplemental pay program administrator is responsible for adding new law enforcement personnel to the system, making changes to law enforcement personnel's personal and bank account information, making changes to payment amounts, and deleting law enforcement personnel from the system who are no longer eligible for supplemental pay. These changes are not reviewed by any other departmental employee.
- There is a lack of detailed written procedures for processing the monthly supplemental payments.

Although these control weaknesses existed during the audit period, procedures performed on a sample of 26 payments and additional procedures performed on all multiple payments in February 2010 to the same checking account resulted in no inappropriate payments.

Management has not established proper segregation of duties or detailed written procedures over supplemental payments made to law enforcement personnel. Failure to establish adequate controls over supplemental payments increases the risk that errors or fraud could occur and not be detected timely.

Management should strengthen its controls by ensuring that proper segregation of duties are established and by preparing detailed written procedures for processing the monthly supplemental payments to law enforcement personnel. Management concurred in part with the finding and outlined a plan of corrective action. Management noted that municipalities must approve and certify the supplemental pay warrants and all new

applications must be reviewed and approved by the appropriate Supplemental Pay Board (see Appendix A, pages 3-4).

Additional Comments: Although the controls established at the municipalities and various Supplemental Pay Boards are necessary, these controls do not mitigate the risk of fraud and/or error resulting from the improper segregation of duties in processing these payments.

Inadequate Controls Over Movable Property

For the sixth consecutive year, the department did not have adequate internal controls to ensure compliance with the state's movable property regulations related to verifying the location of property. In addition, the department did not have adequate internal controls to ensure the timely reporting of qualified acquisitions to the Louisiana Property Assistance Agency (LPAA). Louisiana Administrative Code (LAC) 34:VII.313 states, in part, that efforts must be made to locate all movable property items for which there are no explanations available for their disappearance. LAC 34:VII.307 requires that all acquisitions of qualified assets be reported to LPAA within 60 days of receipt of the property. In addition, good internal control dictates that assets are properly monitored to safeguard against loss or theft.

A review of the department's movable property records as of January 14, 2010, disclosed the following:

- In the property control system, the department identified unlocated movable property items totaling \$1,508,042. This amount included unlocated computers and computer-related equipment totaling \$420,823. The department administered movable property totaling \$157,132,723. The unlocated property by functional property area is as follows:
 - Office of State Police - \$942,848
 - Office of Information Services - \$524,016
 - State Police Training Academy - \$23,723
 - Joint Emergency Services Training Center - \$15,135
 - Office of Management and Finance - \$1,275
 - Office of State Fire Marshal - \$1,045
- A review of the department's acquisitions for the period July 1, 2009, through January 14, 2010, disclosed that 31 assets totaling \$876,989 were not reported to LPAA within 60 days of receipt. The number of days late ranged from seven to 721 days.

The department is not properly accounting for and safeguarding its movable property. Failure to establish adequate controls over movable property increases the risk of loss arising from unauthorized use of property and subjects the department to noncompliance with state laws and regulations. Because of the nature of the services provided by the department, the risk also exists that sensitive information could be improperly recovered from the missing computers and/or computer-related equipment.

Management should strengthen its procedures for conducting the physical inventory of movable property and devote additional efforts to locating property reported as unlocated in previous years. Management should ensure that the acquisitions of qualified assets are reported timely to LPAA. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 5-6).

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 finding relating to the department's compliance with applicable laws and regulations should be addressed immediately by management.

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 the department were not within the scope of our work, and, accordingly, we offer no opinion on those reports upon their issuance. 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, others within the department, 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

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BUDGETARY COMPARISON SCHEDULES (UNAUDITED)

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**DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES
AGENCY 418 - PUBLIC SAFETY -
OFFICE OF MANAGEMENT AND FINANCE**

**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 - Fees and Self-Generated	\$24,796,984		\$24,796,984	\$27,079,567	(\$2,282,583)
General Fund - Interagency Transfers	2,004,806		2,004,806	5,474,255	(3,469,449)
Video Draw Poker Device Fund	1,985,619		1,985,619	1,985,619	
Riverboat Gaming Enforcement Fund	2,547,581		2,547,581	2,640,230	(92,649)
State Emergency Response Fund	111,104		111,104	115,576	(4,472)
	<u>\$31,446,094</u>	<u>NONE</u>	<u>\$31,446,094</u>	<u>\$37,295,247</u>	<u>(\$5,849,153)</u>

APPROPRIATED EXPENDITURES:

	MANAGEMENT AND FINANCE PROGRAM
Salaries	\$10,464,076
Other compensation	83,650
Related benefits	3,802,450
Travel and training	81,547
Operating services	7,434,540
Supplies	846,498
Professional services	394,987
Other charges	1,541,261
Capital outlay	3,543,445
Interagency transfers	3,253,641
Total appropriated expenditures before adjustments	31,446,095
System adjustments	(503)
	<u>31,445,592</u>
Total Appropriated Expenditures	31,445,592
Revised Budget	<u>37,295,247</u>
Variance Favorable (Unfavorable)	<u>\$5,849,655</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 PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES
AGENCY 419 - OFFICE OF STATE POLICE**

**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	\$33,130,287		\$33,130,287	\$33,341,648	(\$211,361)
General Fund - Fees and Self-Generated	54,678,597		54,678,597	57,261,161	(2,582,564)
General Fund - Interagency Transfer	18,421,907		18,421,907	26,580,148	(8,158,241)
Federal funds	7,528,961		7,528,961	12,690,018	(5,161,057)
Tobacco Tax Health Care Fund	6,791,789		6,791,789	7,366,271	(574,482)
Video Draw Poker Device Fund	4,669,607		4,669,607	4,724,644	(55,037)
Riverboat Gaming Enforcement Fund	50,492,552		50,492,552	51,173,815	(681,263)
Pari-Mutuel Live Racing Facility					
Gaming Control Fund	1,978,255		1,978,255	1,978,255	
Insurance Fraud Investigation Fund	2,628,115		2,628,115	2,712,915	(84,800)
Natural Restoration Trust Fund				9,900,000	(9,900,000)
Motorcycle Safety and Training Fund	47,119		47,119	109,846	(62,727)
Public Safety DWI Testing,					
Maintenance and Training	565,483		565,483	565,483	
Louisiana Towing and Storage Fund	313,463		313,463	313,463	
Concealed Handgun Permit Fund	368,359		368,359	368,359	
Right to Know Fund	90,543		90,543	90,543	
Hazardous Materials Response Fund	119,053		119,053	119,053	
Explosives Trust Fund	111,427		111,427	111,427	
Sex Offender Registry Technology Fund	25,000		25,000	25,000	
Criminal Identification					
and Information Fund	13,367,559		13,367,559	15,465,123	(2,097,564)
Louisiana State Police Salary Fund	15,600,000		15,600,000	15,600,000	
Department of Public Safety Police					
Officer Fund	627,358		627,358	627,358	
Unified Carrier Registration					
Agreement Fund	1,488,474		1,488,474	1,488,474	
Oil Spill Contingency Fund	12,646,294		12,646,294	31,676,510	(19,030,216)
Overcollections Fund	3,009,514		3,009,514	3,562,515	(553,001)
	<u>\$228,699,716</u>	<u>NONE</u>	<u>\$228,699,716</u>	<u>\$277,852,029</u>	<u>(\$49,152,313)</u>
Total Appropriated Revenues	<u>\$228,699,716</u>	<u>NONE</u>	<u>\$228,699,716</u>	<u>\$277,852,029</u>	<u>(\$49,152,313)</u>

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**DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES
AGENCY 419 - OFFICE OF STATE POLICE
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010**

APPROPRIATED EXPENDITURES:

	TRAFFIC ENFORCEMENT PROGRAM	CRIMINAL INVESTIGATION PROGRAM	OPERATIONAL SUPPORT PROGRAM	GAMING ENFORCEMENT PROGRAM	AUXILIARY PROGRAM	TOTAL
Salaries	\$57,050,766	\$12,397,897	\$17,345,166	\$13,563,840	\$361,489	\$100,719,158
Other compensation	417,186	75,637	456,461	48,915		998,199
Related benefits	22,041,601	5,242,087	15,082,749	6,146,215	104,598	48,617,250
Travel and training	385,528	124,162	238,831	29,857	29,909	808,287
Operating services	1,260,346	525,634	7,859,828	894,152	682,698	11,222,658
Supplies	755,706	152,590	6,046,458	148,801	59,608	7,163,163
Professional services	52,254	27,169	2,125,631	172,724	4,015,639	6,393,417
Other charges	6,118,897	446,463	4,484,458	37,502	2,202,936	13,290,256
Capital outlay	523,993	117,572	753,276		974,790	2,369,631
Interagency transfers	17,055,104	474,324	10,519,234	938,613	1,680,202	30,667,477
Total appropriated expenditures before adjustments	105,661,381	19,583,535	64,912,092	21,980,619	10,111,869	222,249,496
System adjustments	(18,051)	(7,140)	(319,219)	(1,005)		(345,415)
Total Appropriated Expenditures	105,643,330	19,576,395	64,592,873	21,979,614	10,111,869	221,904,081
Revised Budget	141,017,186	22,270,399	74,251,688	23,063,636	17,249,120	277,852,029
Variance Favorable (Unfavorable)	\$35,373,856	\$2,694,004	\$9,658,815	\$1,084,022	\$7,137,251	\$55,947,948

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 PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES
AGENCY 420 - OFFICE OF MOTOR VEHICLES**

**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	\$100,000		\$100,000	\$100,000	
General Fund - Fees and Self-Generated	50,313,296		50,313,296	41,407,516	\$8,905,780
General Fund - Interagency Transfers				650,000	(650,000)
Federal funds	53,674		53,674	291,336	(237,662)
Motor Vehicle Customer Service and Technology Fund	9,721,404		9,721,404	9,803,263	(81,859)
Unified Carrier Registration Agreement Fund	167,588		167,588	171,007	(3,419)
	<u>\$60,355,962</u>	<u>NONE</u>	<u>\$60,355,962</u>	<u>\$52,423,122</u>	<u>\$7,932,840</u>
Total Appropriated Revenues					

APPROPRIATED EXPENDITURES:

	LICENSING PROGRAM
Salaries	\$25,614,343
Other compensation	160,649
Related benefits	10,419,130
Travel and training	119,769
Operating services	10,774,258
Supplies	1,535,887
Professional services	783,040
Other charges	15,610
Capital outlay	6,182
Interagency transfers	1,974,077
Total appropriated expenditures before adjustments	51,402,945
System adjustments	(7,993)
Total Appropriated Expenditures	51,394,952
Revised Budget	<u>52,423,122</u>
Variance Favorable (Unfavorable)	<u>\$1,028,170</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 PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES
AGENCY 421 - OFFICE OF LEGAL AFFAIRS**

**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 - Self-Generated	\$4,030,257		\$4,030,257	\$4,039,493	(\$9,236)
General Fund - Interagency Transfers	16,213		16,213	61,915	(45,702)
 Total Appropriated Revenues	 <u>\$4,046,470</u>	 <u>NONE</u>	 <u>\$4,046,470</u>	 <u>\$4,101,408</u>	 <u>(\$54,938)</u>

APPROPRIATED EXPENDITURES:

	<u>LEGAL</u>
Salaries	\$815,355
Other compensation	5,353
Related benefits	276,306
Travel and training	4,739
Operating services	14,713
Supplies	9,035
Interagency transfers	<u>2,920,969</u>
 Total Appropriated Expenditures	 4,046,470
 Revised Budget	 <u>4,101,408</u>
 Variance Favorable (Unfavorable)	 <u>\$54,938</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 PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES
AGENCY 422 - OFFICE OF STATE FIRE MARSHAL**

**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	\$20,000		\$20,000	\$30,000	(\$10,000)
General Fund - Self-Generated	2,773,435		2,773,435	3,294,733	(521,298)
General Fund - Interagency Transfers	740,966		740,966	895,386	(154,420)
Federal funds	161,643		161,643	152,604	9,039
Two Percent Fire Insurance Fund	3,040,122		3,040,122	3,520,305	(480,183)
Louisiana Fire Marshal Fund	10,358,981		10,358,981	10,358,981	
Louisiana Life Safety and Property Protection Trust Fund	484,500		484,500	571,600	(87,100)
Industrialized Building Program Fund	79,204		79,204	80,000	(796)
Louisiana Manufactured Housing Commission Fund	534,909		534,909	639,188	(104,279)
Overcollections Fund	35,000		35,000	35,000	
 Total Appropriated Revenues	 <u>\$18,228,760</u>	 <u>NONE</u>	 <u>\$18,228,760</u>	 <u>\$19,577,797</u>	 <u>(\$1,349,037)</u>

APPROPRIATED EXPENDITURES:

	<u>FIRE PREVENTION PROGRAM</u>
Salaries	\$9,243,188
Other compensation	82,411
Related benefits	3,002,795
Travel and training	110,776
Operating services	564,204
Supplies	262,176
Professional services	32,104
Other charges	3,231,832
Capital outlay	78,121
Debt services	590,665
Interagency transfers	960,394
Total appropriated expenditures before adjustments	18,158,666
System adjustments	(22,308)
 Total Appropriated Expenditures	 18,136,358
 Revised Budget	 <u>19,577,797</u>
 Variance Favorable (Unfavorable)	 <u>\$1,441,439</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 PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES
AGENCY 423 - LOUISIANA GAMING CONTROL BOARD**

**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)
Riverboat Gaming Enforcement Fund	\$831,841		\$831,841	\$928,497	(\$96,656)
Pari-mutuel Live Racing Facility					
Gaming Control Fund	49,432		49,432	87,466	(38,034)
Overcollections Fund	19,000		19,000	19,000	
	<u>\$900,273</u>	<u>NONE</u>	<u>\$900,273</u>	<u>\$1,034,963</u>	<u>(\$134,690)</u>

APPROPRIATED EXPENDITURES:

	LOUISIANA GAMING CONTROL BOARD
Salaries	\$188,917
Other compensation	267,989
Related benefits	69,678
Travel and training	19,121
Operating services	192,726
Supplies	20,283
Professional services	88,298
Other charges	3,500
Capital outlay	24,581
Interagency transfers	25,180
	<u>900,273</u>
Total Appropriated Expenditures	900,273
Revised Budget	<u>1,034,963</u>
Variance Favorable (Unfavorable)	<u>\$134,690</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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UNAUDITED

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES
AGENCY 424 - LIQUEFIED PETROLEUM GAS COMMISSION

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>
Liquefied Petroleum Gas Rainy Day Fund	\$782,639		\$782,639	\$788,742	(\$6,103)
Total Appropriated Revenues	<u>\$782,639</u>	<u>NONE</u>	<u>\$782,639</u>	<u>\$788,742</u>	<u>(\$6,103)</u>

APPROPRIATED EXPENDITURES:

	<u>ADMINISTRATIVE PROGRAM</u>
Salaries	\$507,574
Other compensation	10,875
Related benefits	184,559
Travel and training	26,412
Operating services	17,731
Supplies	5,488
Capital outlay	1,600
Interagency transfers	28,400
Total Appropriated Expenditures	782,639
Revised Budget	<u>788,742</u>
Variance Favorable (Unfavorable)	<u>\$6,103</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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UNAUDITED

**DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES
AGENCY 425 - LOUISIANA HIGHWAY SAFETY COMMISSION**

**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 - Fees and Self-Generated	\$130,724		\$130,724	\$130,724	
Federal funds	21,261,295		21,261,295	27,243,787	(\$5,982,492)
Total Appropriated Revenues	21,392,019	NONE	21,392,019	27,374,511	(\$5,982,492)

APPROPRIATED EXPENDITURES:

	ADMINISTRATIVE PROGRAM
Salaries	\$733,847
Other compensation	26,207
Related benefits	204,378
Travel and training	78,563
Operating services	435,770
Supplies	21,265
Professional services	3,593,161
Other charges	14,366,756
Interagency transfers	1,899,569
Total appropriated expenditures before adjustments	21,359,516
System adjustments	(189,852)
Total Appropriated Expenditures	21,169,664
Revised Budget	27,374,511
Variance Favorable (Unfavorable)	\$6,204,847

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 PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES - ANCILLARY FUNDS
AGENCY 790 - DONALD J. THIBODAUX TRAINING ACADEMY**

**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>
Internal Service Fund - Fees and Self-Generated	\$2,529,596		\$2,529,596	\$3,361,994	(\$832,398)
Internal Service Fund - Interagency Transfers	2,722,325		2,722,325	2,825,557	(103,232)
 Total Appropriated Revenues	 <u>\$5,251,921</u>	 <u>NONE</u>	 <u>\$5,251,921</u>	 <u>\$6,187,551</u>	 <u>(\$935,630)</u>

APPROPRIATED EXPENDITURES:

	<u>ADMINISTRATIVE PROGRAM</u>
Salaries	\$1,273,118
Other compensation	75,370
Related benefits	794,374
Travel and training	19,619
Operating services	1,164,446
Supplies	471,926
Professional services	367,651
Other charges	130,277
Capital outlay	29,090
Interagency transfers	460,328
Total appropriated expenditures before adjustments	4,786,199
System adjustments	(3,794)
 Total Appropriated Expenditures	 4,782,405
 Revised Budget	 <u>6,187,551</u>
 Variance Favorable (Unfavorable)	 <u>\$1,405,146</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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UNAUDITED

**DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES - ANCILLARY FUNDS
AGENCY 810 - PUBLIC SAFETY SERVICES CAFETERIA**

**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>
Internal Service Fund - Fees and Self-Generated	\$647,544		\$647,544	\$726,770	(\$79,226)
Internal Service Fund - Interagency Transfers	487,052		487,052	409,801	77,251
 Total Appropriated Revenues	 <u>\$1,134,596</u>	 <u>NONE</u>	 <u>\$1,134,596</u>	 <u>\$1,136,571</u>	 <u>(\$1,975)</u>

APPROPRIATED EXPENDITURES:

	<u>ADMINISTRATIVE PROGRAM</u>
Salaries	\$138,398
Related benefits	97,077
Operating services	57,819
Supplies	698,781
Capital outlay	7,556
Interagency transfers	56,917
Total appropriated expenditures before adjustments	<u>1,056,548</u>
System adjustments	<u>(3,361)</u>
 Total Appropriated Expenditures	 1,053,187
 Revised Budget	 <u>1,136,571</u>
 Variance Favorable (Unfavorable)	 <u>\$83,384</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 PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES - OTHER REQUIREMENTS
AGENCY 966 - SUPPLEMENTAL PAY TO LAW ENFORCEMENT PERSONNEL**

**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	\$71,254,667		\$71,254,667	\$71,615,644	(\$360,977)
Total Appropriated Revenues	<u>\$71,254,667</u>	<u>NONE</u>	<u>\$71,254,667</u>	<u>\$71,615,644</u>	<u>(\$360,977)</u>

APPROPRIATED EXPENDITURES:

	MUNICIPAL POLICE OFFICERS SUPPLEMENTAL PAY	FIREFIGHTERS' SUPPLEMENTAL PAY	CONSTABLES AND JUSTICES OF THE PEACE SUPPLEMENTAL PAY	TOTAL
Other charges	\$38,245,076	\$32,036,653	\$972,938	\$71,254,667
Total Appropriated Expenditures	38,245,076	32,036,653	972,938	71,254,667
Revised Budget	<u>38,321,949</u>	<u>32,186,243</u>	<u>1,107,452</u>	<u>71,615,644</u>
Variance Favorable (Unfavorable)	<u>\$76,873</u>	<u>\$149,590</u>	<u>\$134,514</u>	<u>\$360,977</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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Management's Corrective Action
Plans and Responses to the
Findings and Recommendations

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS,
PUBLIC SAFETY SERVICES



State of Louisiana
Department of Public Safety and Corrections
Public Safety Services

July 30, 2010
DPS-02-1331

Daryl G. Purpera CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Misappropriation by Office of Motor Vehicles Employee

We concur with the finding. The Office of Motor Vehicles first realized the possibility of fraud by Ronald Marson, Motor Vehicle Manager 2, upon Mr. Marson's submission of his monthly expenditure reimbursement request against a Commercial Drivers License federal grant in August of 2009. The backup documentation that the federal government required to be submitted with the reimbursement was in order and accepted by the federal government grant administrator.

Mr. Marson had been employed with the agency for 15+ years and was a highly respected member of the Headquarters management team in particular in the area of Commercial Driver License Third Party Testers. In 2008, Mr. Marson and his staff were instrumental in uncovering a Third Party Tester issuing fraudulent certificates for CDL drivers to obtain licensing. The tester was arrested and subsequently pled guilty in the US District Court to felony charges. The agency, especially Mr. Marson was held in high regards by the Federal Motor Carrier Safety Administration for being so diligent in performing covert surveillance of these third party vendors. The agency received significant grant money to perform these covert operations.

Mr. Marson had recently been moved under the direct supervision of Ms. Staci Hoyt, Headquarters Administrator. Ms. Hoyt did not want to accuse Mr. Marson without proof in the event the claims were unsubstantiated. Due to the fact that Ms. Hoyt, did not have proof of fraud, only suspicion, she consulted with Kay Hodges, Commissioner of Motor Vehicles. Ms. Hodges advised Ms. Hoyt to begin investigating the situation and gather all documentation Mr. Marson had related to the federal grant.

In October 2009, after Mr. Marson submitted several more reimbursement claims that seemed inflated, Ms. Hoyt then decided to contact LSP Internal Affairs (IA) for guidance on how to proceed with an investigation. She was advised to continue gathering documentation and report any factual evidence to LSP IA. In December 2009, LSP IA opened an internal investigation. After several days of performing covert surveillance of Mr. Marson, it was determined that several entries he submitted for mileage and overtime were fraudulent due to the fact he never left his home. After obtaining video surveillance and still pictures to substantiate the evidence, Mr. Marson was called to LSP IA for an official internal interview by IA detectives.

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OFFICE OF MANAGEMENT & FINANCE, P.O. BOX 66614, BATON ROUGE, LOUISIANA 70896
(225) 925-6032

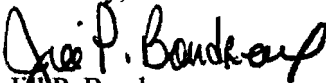
Mr. Marson, initially denied the claim but subsequently admitted to investigators that the majority of his claims were in fact fraudulent. He was immediately placed on administrative leave pending the outcome of the investigation.

The internal audit procedures have been modified to prevent this situation for recurring. Previously, since Mr. Marson was the administrator of the grant, he approved utilization of the grant money. Kimberly Watson, Motor Vehicle Manager 2, has assumed the duties previously performed by Mr. Marson and is responsible for the implementation of the corrective action plan. The corrective action plan was implemented in April, 2010.

The Headquarters administrator must approve utilization prior to any reimbursement request. In addition, the backup documentation required by FMCSA will still be submitted with the information they require for reimbursement. However, additional supporting documentation must be submitted to the Headquarters Administrator immediately upon completion of any covert surveillance. This documentation will be maintained with federal grant reimbursement requests.

The agency has met with FMCSA officials and they were very satisfied with the agency's ability to uncover the fraud and recoup the grant money. Please contact my office if you have any questions regarding this response.

Sincerely,



Jill P. Boudreaux
Undersecretary

Cc: Colonel Michael D. Edmonson, Deputy Secretary
Kay Hodges, Commissioner, Office of Motor Vehicles



State of Louisiana
Department of Public Safety and Corrections
Public Safety Services

July 30, 2010
DPS-02-1333

Mr. Daryl G. Purpera, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Control Weaknesses over Supplemental Pay to Law Enforcement Personnel

Dear Mr. Purpera:

We concur in part with this finding. Supplemental Pay to Law Enforcement Personnel is a voluminous and administratively demanding task. Currently, only one position is funded to provide the needed administration and management support to the Boards governing supplemental pay to Policemen, Firemen, Constables and Justices. This position administers the day to day activities related to Supplemental pay management to include the review of all new applicants for compliance with required applicant criteria, administration of direct deposit (EFT) information, as well as adding and deleting eligible recipients based upon Board approval and direction.

Each individual municipality is responsible for approving and certifying the Supplemental Pay Warrant for their respective jurisdiction on a monthly basis. The approval and certification is a required signature by both Chief and Mayor respectively of the particular municipality that attests to the validity of the recipients who are scheduled to receive payment for the following month. This approval and certification process absolves the Department of Public Safety from liability in that each municipality has assumed the responsibility for the legitimacy of the pay recipients.

In addition, the Supplemental Pay Boards manage by requiring DPS to report all new applicants for review and approval. No new applicants are added to Supplemental Pay without both the applicant criteria having been met and by Board approval action. The Supplemental Pay staff member prepares a monthly report along with available copies of all applications to the Board. In order to enhance controls, the Supplemental Pay staff member will begin providing a monthly report detailing all deletions of recipients and a brief explanation. This will allow for Board oversight and supervision of all recipients, both new applicants and terminations.

The Supplemental Pay staff member will also begin documenting all changes in bank account information by attaching a screen print of each change request processed to the EFT Enrollment Form submitted by the employee. Additionally, a change to the Supplemental Pay data system will be initiated that will create a history of all changes to the EFT information for the employees. The System will track all changes and will be able to provide current and previous bank account information that should correspond with the EFT Enrollment Forms on file in the Supplemental Pay office while enhancing the controls over Supplemental Pay.

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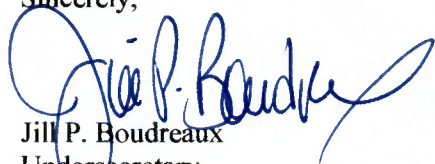
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(225) 925-6032

Though some written procedures do exist within the Supplemental Pay office, we agree that a more uniform process of documentation is needed. The Supplemental Pay staff member has been tasked with coordinating the documentation of all procedures for the administration and management of Supplemental Pay to Law Enforcement.

Acting Director of Finance, Scott Erwin is responsible for corrective actions mentioned above. All corrective actions with the exception of the Supplemental Pay system changes should be completed by September 30, 2010 in order to further enhance controls over Supplemental Pay. The changes to the Supplemental Pay system will be contingent upon Information Technology project scheduling and the complexity of the task.

As mentioned previously, administration and management of Supplemental Pay to Law Enforcement is a monumental task but one that DPS makes priority in areas of both service and accuracy. We are committed to increasing the controls over Supplemental Pay to Law Enforcement Personnel. Please contact my office if you have any questions regarding this response.

Sincerely,



Jill P. Boudreaux
Undersecretary

cc: Colonel Michael D. Edmonson, Deputy Secretary
Scott Erwin, Acting Director of Finance



State of Louisiana
Department of Public Safety and Corrections
Public Safety Services

July 30, 2010
DPS-02-1332

Mr. Daryl G. Purpera, CPA
Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

RE: Inadequate Controls over Movable Property

We concur with the audit finding. The Department recognizes that proper control over movable property is a necessity in order to ensure accountability of the state's property. As a follow-up to the Department's official response dated February 19, 2009 for the same finding, several proactive enhancements have been made to strengthen internal processes and ensure accurate, timely reporting to LPAA.

The following actions have been taken to eliminate unlocated property items and to provide for timely entry of acquired equipment into the Asset Management System:

- The DPS Property Policy and Procedure was released and implemented on July 13, 2010. The policy clearly establishes responsibility and accountability of property owned by the state of Louisiana and the Department's responsibility to report to LPAA. Furthermore, the policy states that new property acquisitions are to be entered in the Asset Management System within 60 days and to exhaust all means to locate items in lieu of merely labeling as unlocated.
- Coordinated with LPAA to provide training for approximately 125 employees on Protégé, the Asset Management System and Title 34 - Government Contracts, Procurement and Property Control.
- The internal on-line transfer system for tracking movement of assets is scheduled to be activated prior to August 31, 2010.
- Developed an internal structure creating a Property Control Administrator to coordinate with Property Control Managers at each agency within the Department to provide decentralization and delegation of property responsibility by budget unit.
- Created on-line standardized forms to be utilized for all property transactions. The forms require signatures and other similar information for checks and balances and are processed only upon completion of all fields.

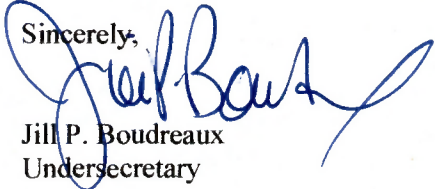
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(225) 925-6032

- Strengthened existing procedure for distribution of property control tags to enhance asset tracking and eliminate duplication of tag numbers.
- Currently updating all records in the Asset Management System such as updates to locations, person responsible and comments in the notes section. These actions will help maintain current information and provide the history of an asset for tracking and annual certification.

The Department considers this an issue of utmost importance. Accountability is paramount to safeguard property of the state of Louisiana and should be treated accordingly. I am encouraged that the DPS Property Policy and Procedure provides clear direction and will prevent future audit findings. Erin Bielkiewicz, Deputy Undersecretary, is the responsible party for the corrective action. Please feel free to contact my office if you have any questions regarding this response.

Sincerely,



Jill P. Boudreaux
Undersecretary

cc: Colonel Michael D. Edmonson, Deputy Secretary
Erin Bielkiewicz, Deputy Undersecretary