

# LEGISLATIVE AUDITOR

STATE OF LOUISIANA

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DEPARTMENT OF AGRICULTURE  
AND FORESTRY  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA

PROCEDURAL REPORT  
ISSUED AUGUST 4, 2004

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March 24, 2004

**HONORABLE BOB ODOM**  
**COMMISSIONER OF AGRICULTURE**  
**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. Our procedures included (1) a review of the department's internal controls; (2) tests of financial transactions for the period July 1, 2002, through March 24, 2004; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the period July 1, 2002, through March 24, 2004; and (4) a review of compliance with prior year report recommendations. 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.

Specifically, we interviewed management personnel and selected departmental personnel and evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our finding and recommendation with appropriate management personnel before submitting this written report.

The Annual Fiscal Reports of the Department of Agriculture and Forestry were not audited or reviewed by us, and accordingly, we do not express an opinion on these reports. 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 audit report on the Department of Agriculture and Forestry, dated February 26, 2003, we reported findings relating to (1) nonpayment of rental amounts due the Louisiana Agricultural and Finance Authority; (2) unallowable expenditure of statutorily dedicated funds; (3) ineffective internal audit function; and (4) ineffective segregation of duties for two bank accounts. These findings have been resolved by management. We also reported other matters relating to debt funding for the Boll Weevil Eradication Program and indictments against the commissioner of agriculture. The debt funding matter has been resolved and although many of the original indictments against the commissioner have been dismissed, a trial date has not been set for the remaining indictments.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

**Insufficient Controls Over Use of  
State-Owned Aircraft**

The Department of Agriculture and Forestry does not have adequate internal control procedures to ensure that the department is in compliance with the Division of Administration's Policy and Procedures Memorandum (PPM) 67, Travel in State-Owned Aircraft. Good internal control requires that procedures be established and followed to ensure that the department complies with state regulations by maintaining complete and accurate documentation for the use of state-owned aircraft. PPM 67 requires all passengers in state-owned aircraft to provide specific information on the purpose of their travel at the time of reserving

space and/or during check-in procedures. In addition, PPM 67 states that in the event there is a question about the purpose of the flight for any particular passenger, it is assumed to be a personal usage request and is to be billed accordingly.

During our review of the department's administrative airplane usage, we noted that the only information maintained for this airplane was the maintenance log required by the Federal Aviation Administration. According to the department's fiscal director, sometime in 2001, the department stopped maintaining a manual log at the main headquarters for the flights taken using the administrative airplane. Without adequate records to support the use of the administrative airplane, we cannot determine whether the department complied with PPM 67 since we cannot determine when the airplane was used, who the passengers were, and whether the passengers were traveling for official state business or for personal usage.

Management of the department should develop and implement sufficient policies and procedures to ensure that the department complies with state regulations. Management did not concur with the finding and recommendation (see Appendix A).

**Additional Comments:** Attorney General Opinion Number 89-369, addressed to Commissioner Odom, states that "the determination by the official that the travel is for a public purpose is always subject to review." Without adequate records to support the use of the administrative airplane, we cannot determine that the airplane was used for public purposes.

The recommendation in this report 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 cost, and its potential impact on the operations of the Department of Agriculture and Forestry should be considered in reaching a decision on courses of action. The finding that relates to the department's compliance with applicable laws and regulations should be addressed immediately by management.

This report 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 report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

BB:STD:THC:ss

[AGFOR04]



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MANAGEMENT'S CORRECTIVE ACTION  
PLAN AND RESPONSE





LOUISIANA DEPARTMENT OF AGRICULTURE & FORESTRY  
 BOB ODOM, COMMISSIONER



May 24, 2004

Mr. Steve Theriot  
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Dear Mr. Theriot:

re: Insufficient Controls Over the Use of State-Owned Aircraft

This letter will acknowledge completion of the Control and Compliance Procedures at the Department of Agriculture and Forestry on March 24, 2004, without any reportable audit findings save and except the single audit finding related to airplanes operated by the Department. More particularly, the single audit finding proposes that the policies and procedures of the Department with regard to airplanes operated by the Department may not comply with policies and procedures provided by the Division of Administration for airplanes.

The airplanes operated by the Department are governed by guidelines, policies and procedures provided by the Department. The airplanes operated by the Department are governed by guidelines, policies and procedures provided by the Department because the law says that all airplanes operated by the Department shall be under the exclusive jurisdiction of the Department, and further, that the Department may provide the policies and procedures for the use and operation of the Department's airplanes.

The citations to the relevant laws, policies and procedures have been previously furnished to the Legislative Auditor by the Department. The citations to the relevant laws, policies and procedures have been previously furnished to the Legislative Auditor by the Department formally and informally, by mail and in person, in public and in private as well as on and a part of the public record.

The Department periodically reviews its policies and procedures pertaining to those airplanes under its exclusive jurisdiction and will consider the auditor's single finding during those next periodic reviews. However, for the reasons stated herein and stated previously to the legislative auditor, the Department does not agree with the erroneous single audit finding.

Very truly yours,

*Skip Rhorer*  
 Skip Rhorer  
 Assistant Commissioner