



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

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

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (504) 339-3800  
FACSIMILE: (504) 339-3870

December 2, 1996

**DEPARTMENT OF CULTURE,  
RECREATION AND TOURISM  
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, 1996, we conducted certain procedures at the Department of Culture, Recreation and Tourism. Our procedures included (1) a review of the department's internal control structure; (2) tests of financial transactions; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities; and (4) a review of compliance with prior year report recommendations.

The June 30, 1996, Annual Fiscal Report of the Department of Culture, Recreation and Tourism was not audited or reviewed by us, and, accordingly, we do not express an opinion or any other form of assurance on that report. The department's accounts are an integral part of the financial statements of the State of Louisiana, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and selected department personnel. We also evaluated documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data and based upon the application of the procedures referred to previously, we developed recommendations for improvements. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

In our prior report for the year ended June 30, 1995, we reported findings relating to time and attendance records and cash controls. These findings have not been resolved by management and are addressed again in this report.

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

**Inadequate Payroll Controls**

Certain employees of the Department of Culture, Recreation and Tourism did not comply with the department's policies and procedures contained in the *On-Line Payroll Time Entry System Policy and Procedure Manual* relating to the certification and verification of employee time and attendance records. The department's internal

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

**Management Letter  
Dated December 2, 1996**

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.

December 18, 1996

**OFFICIAL  
FILE COPY**  
**DO NOT SEND OUT**  
Xerox necessary  
copies from this  
copy and PLEASE  
BACK IN FILE

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of Culture,  
Recreation and Tourism  
State of Louisiana  
Baton Rouge, Louisiana

December 18, 1996



***Financial and Compliance Audit Division***

---

---

***Daniel G. Kyle, Ph.D., CPA, CFE***  
***Legislative Auditor***

LEGISLATIVE AUDITOR

DEPARTMENT OF CULTURE,  
RECREATION AND TOURISM  
STATE OF LOUISIANA

Management Letter, Dated December 2, 1996

Page 5

**Office of State Museum - W. R. Irby Trust Fund**

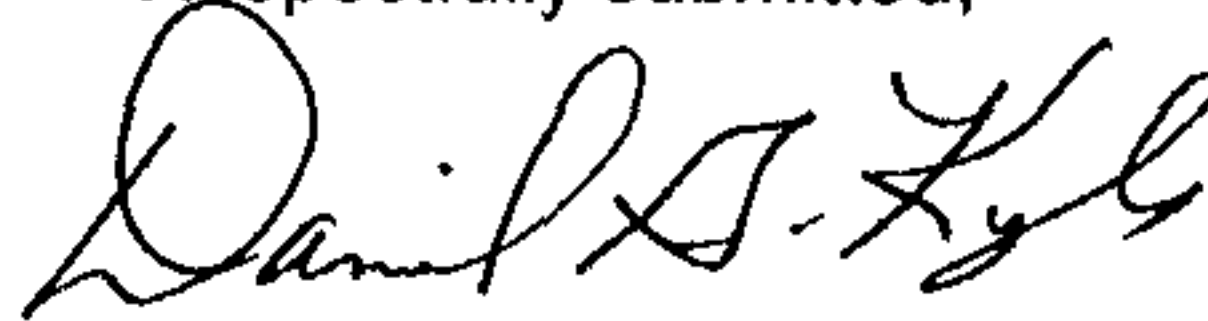
- Management concurs that controls were not adequate to ensure that all rental fees are collected and deposited for the W. R. Irby Trust. The Office of State Museums has corrected the collection procedures and assigned the Administrative Assistant to receive all rental receipts to be posted on a collection report. The report and deposit will be reviewed by the Business Manager.

Furthermore, Mr. Jones responded that intensive training and specific language in departmental policy and procedure manuals have helped to remedy many cash control weaknesses. Additional training and increased unannounced audits are now being scheduled for the 1997 fiscal year.

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 operations of the department should be considered in reaching decisions on courses of action. Findings relating to the department's compliance with applicable laws and regulations should be addressed immediately by management.

By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

AOE:BJJ:dl

[CRT]

## LEGISLATIVE AUDITOR

### DEPARTMENT OF CULTURE, RECREATION AND TOURISM STATE OF LOUISIANA

Management Letter, Dated December 2, 1996

Page 2

policies require that each employee certify that the hours shown on the time and attendance sheet are correct. The policies also require that the agency timekeeper manager verify the accuracy of the entries into the payroll on-line system before the processing of payroll. Finally, the policies require that the department will conduct an audit of the timekeepers' records quarterly for the first year and semiannually thereafter. However, our examination of 16 time and attendance and leave records disclosed the following:

- At one state park, we noted that three employees certified their time and attendance before the pay period had actually begun.
- For two separate pay periods within the Office of State Museum, data entered into the on-line payroll system was not verified for accuracy back to the time and attendance sheets until six and seven weeks, respectively, after the pay periods had ended.
- There was no indication that eight time and attendance sheets tested at the offices of State Library, Museum, and Cultural Development were compared to the payroll data entered into the payroll on-line system to verify the accuracy of the data entered.
- The department has not complied with its internal audit policy that requires audits of timekeepers' records quarterly for the first year and semiannually thereafter.

Because management has not placed sufficient emphasis on compliance with departmental policies, the risk of payroll related errors and irregularities is increased. This is the second consecutive year that the department has been cited for having inadequate payroll controls.

The department should re-emphasize the need for all employees to follow the department's policies and procedures regarding the certification and verification of time and attendance records. In a letter dated June 27, 1996, Mr. Phillip J. Jones, Secretary, responded that the department concurred with the finding of inadequate certification and verification of employee time and attendance records and recognizes the need for more intensive training oversight of timekeeping employees, and he outlined the specific courses of corrective action to be implemented by each office.



LEGISLATIVE AUDITOR

DEPARTMENT OF CULTURE,  
RECREATION AND TOURISM  
STATE OF LOUISIANA

Management Letter, Dated December 2, 1996

Page 3

**Inadequate Cash Controls**

The Department of Culture, Recreation and Tourism does not have adequate internal controls over the collection and deposit of cash receipts. Louisiana Revised Statute (LSA-R.S.) 49:308 requires that funds received by state agencies be deposited immediately in the State Treasury. Adequate internal controls are needed to safeguard assets and to ensure that errors and/or irregularities are prevented and/or detected in a timely manner. During our test of the cash receipts cycle at various offices, we noted the following control weaknesses:

**Office of State Library**

- During a three month time period, we noted that only seven deposits were made by the Circulation Section. Five of these deposits included cash held between 7 and 16 days.
- The Serial Section does not adequately secure funds before deposit. These funds are kept in an unlocked desk drawer.
- There are no controls to ensure that all cash that should have been collected was collected and deposited. A daily log is maintained identifying the amount of cash actually collected; however, in some cases, there is no means to verify that this is the amount that should have been collected. The risks related to this weakness are magnified by untimely deposits and unsecured funds.

**Office of State Parks**

- Related parties were involved in the cash receipts process at two parks in that each park employs a manager and a cashier/clerk who are husband and wife, respectively. Supervision of the cashiers, including approving the cash reports prepared by the cashier, are responsibilities of the park manager. This is the second consecutive year we have noted this weakness.

**Office of State Museum - W. R. Irby Trust Fund**

- Controls are not adequate to ensure that all rental fees are collected and deposited. An employee performs incompatible functions by depositing and recording rental receipts. There is no independent verification of

LEGISLATIVE AUDITOR

DEPARTMENT OF CULTURE,  
RECREATION AND TOURISM  
STATE OF LOUISIANA

Management Letter, Dated December 2, 1996

Page 4

collections to actual deposits. Furthermore, this employee is responsible for preparing financial statements for the trust fund.

Since management has not placed sufficient emphasis on compliance with state law and adequate internal controls, the risk increases that funds could be lost or stolen or that errors and/or irregularities could occur and not be detected in a timely manner. In addition, untimely deposits result in the loss of interest earnings. This is the second consecutive year that the department has been cited for having inadequate cash controls.

The Department of Culture, Recreation and Tourism should design and maintain adequate internal controls over cash to ensure that funds received are collected, secured, and deposited in a timely manner. In a letter dated June 27, 1996, Mr. Phillip J. Jones, Secretary, provided the following response for each office:

**Office of State Library**

- Management concurs that deposits were not made in a timely manner, and cash collections were not adequately secured. Corrective action has been taken to ensure that funds are deposited weekly and that funds on hand will be secured on site daily until deposited. However, management only concurs in part with the finding that there are limited controls to ensure that all cash that should have been collected was collected and deposited. Management cites that there is a relatively low level of cash collected; that there is no precedent for believing that all cash for patron services is not collected and deposited; and that most options for corrective action may be cost prohibitive. However, management does commit to investigating methods of providing services with the goal of eliminating cash handling altogether.

**Office of State Parks**

- Management concurs that related parties involved in the cash receipts process at two parks is a control weakness. Management moved to place a State Park Ranger within the chain of approval process. This process was not completely in place during 1995-96, but is now in place. Additionally, the department requested that Civil Service approve the modification of the job duties for the State Park Ranger at each affected park, giving them supervisory responsibility over the cashiers by promoting them to Ranger Specialists. This request was rejected.

OFFICIAL  
FILE COPY  
DO NOT SEND OUT  
Xerox necessary  
copies from this  
copy and PLACE  
BACK IN FILE

**LEGISLATIVE AUDIT ADVISORY COUNCIL**

**MEMBERS**

**Representative Francis C. Thompson, Chairman**  
**Senator Ronald C. Bean, Vice Chairman**

**Senator Robert J. Barham**  
**Senator Wilson E. Fields**  
**Senator Thomas A. Greene**  
**Senator Craig F. Romero**  
**Representative F. Charles McMains, Jr.**  
**Representative Edwin R. Murray**  
**Representative Warren J. Triche, Jr.**  
**Representative David Vitter**

**LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

**Albert J. Robinson, Jr., CPA**