

OFFICE OF LIEUTENANT GOVERNOR AND
DEPARTMENT OF CULTURE, RECREATION, AND TOURISM
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED NOVEMBER 12, 2020

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Office of Lieutenant Governor and
Department of Culture, Recreation, and Tourism

November 2020

Audit Control # 80200012

Introduction

The primary purpose of our procedures at the Office of Lieutenant Governor (OLG) and the Department of Culture, Recreation, and Tourism (CRT) was to evaluate certain controls OLG/CRT uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. In addition, we determined whether management has taken action to correct the findings reported in the prior report.

Results of Our Procedures

We evaluated OLG/CRT's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of OLG/CRT's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures on selected controls and transactions relating to the William R. Irby Trust, Seafood Marketing Program expenditures, admission fees, payroll expenditures, LaCarte expenditures, travel expenditures, and contract expenditures.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in OLG/CRT's procedural report dated November 15, 2018. We determined that management has resolved the prior-report findings related to Weakness in Controls over LaCarte Expenditures and Control Weaknesses over Seafood Marketing Program Expenditures. The prior-report findings related to Weaknesses in Controls over William R. Irby Trust, Weaknesses in Controls over Admission Fees, and Weaknesses in Controls over Payroll have not been resolved and are addressed again in this report.

Current-report Findings

Control Weaknesses and Noncompliance Related to Apartment Use

CRT's Office of State Museum (OSM), also referred to as the Louisiana State Museum (LSM), does not have appropriate policies or sufficient internal controls as it relates to guest stays in the

apartment designated for museum-related purposes. As a result, certain uses of the apartment do not appear to comply with the Irby Public Trust. The consequences of possible breaches of the Irby Public Trust are not determinable absent legal action. In addition, certain uses of the apartment may violate the Louisiana Constitution.

In his 1926 will, Mr. William Ratcliffe Irby bequeathed the Lower Pontalba Building located in New Orleans to LSM. The terms of the Irby Public Trust requires that the property and the proceeds derived from the property be used for the preservation of the property itself or the benefit of the LSM. The LSM Board of Directors (Board) serves as the trustee for the building, and LSM is responsible for the management, operation, and maintenance of the building. The building consists of 28 residential apartments and 12 commercial units. Since 1996, the Board has designated a one-bedroom residential apartment for LSM to use for museum-related purposes.¹ In January 2019, LSM changed its policy to broaden the acceptable use and allow the OLG and CRT, in addition to LSM, to use the apartment for purposes which they are “legally authorized to pursue.”

The policy change allowing the OLG and CRT use of the apartment does not appear to comply with the terms of the Irby Public Trust as stated above. Furthermore, the Attorney General has consistently opined that the purpose for which an entity uses the property must be within its specific authority when considering application of Article 7, Section 14 of the Louisiana Constitution, which prohibits funds, credit, property, or things of value of the state to be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Because the Board only has the authority to use the apartment for the benefit of the LSM, use of the apartment for the benefit of the OLG/CRT may also violate the Louisiana Constitution.

Based on our review of all 76 apartment guest stays approved by LSM on the apartment guest approval log from July 1, 2018, to March 6, 2020, we identified 45 (59%) exceptions as follows:

- Thirty (39%) had no documented purpose. As a result, LSM is unable to substantiate and we were unable to verify whether these approved guest stays were for a museum-related purpose.
- Eight (11%) had a vague or non-specific purpose that was insufficient to demonstrate a museum-related purpose.
- Seven (9%) were donated by the OLG as raffles or auction items for fund-raising purposes that were unrelated to the museum. The specific organization benefiting from three of these donated guest stays was not included in the purpose documented by the LSM on the guest approval log. Donations of guest stays that do not provide a benefit to the LSM may violate the Irby Public Trust and the Louisiana Constitution.

¹ In September 2019, the Board approved an apartment swap, returning the one-bedroom apartment to commerce and designating a three-bedroom apartment for LSM’s use, which had previously been rented for \$50,784 per year. Management represented that the larger apartment was needed in order for the museum to accommodate larger groups.

The LSM's policy designates the LSM director or his designee as the person with control and approval authority for use of this apartment and requires a log be maintained showing the name of the guest and the purpose for the visit. The LSM did not consistently obtain and document the specific museum-related purpose of each guest stay that it approved, particularly when the guest stay was for OLG personnel or the guest stay was for other individuals at the request of the OLG. The OLG has also been assigned two keys to the apartment, which are held by the Lieutenant Governor and his Chief of Staff, along with access to the reservation calendar.

We recommend the following:

- The OLG/CRT's use of the apartment for its own purposes that are unrelated to the museum should cease immediately, and the LSM should revise its apartment use policy accordingly. Also, the Board should consider whether the OLG/CRT should reimburse the Irby Public Trust for its uses that were not museum-related.
- The Board, as trustee for the property, should exercise more oversight over the use of the apartment, including the review and approval of the LSM's apartment-use policies, and the Board should periodically review guest logs to ensure the apartment is being used only for museum-related purposes.
- LSM management should clearly document the museum-related purpose for each guest stay prior to granting approval.
- All keys to the apartment should be maintained by the LSM, and all individuals accessing the apartment should be required to sign the key custody log maintained by the Museum Police.

Management concurred in part with the finding stating they "...concur with the recommendation to improve record-keeping related to the use of the Irby Apartment" and have outlined a plan for corrective action. However, they "...disagree with the LLA's conclusions in regards to the use of the Irby Apartment in the Lower Pontalba Building" (see Appendix A, pages 1-3).

Weakness in Controls over Payroll

For the second consecutive engagement, CRT employees did not follow established payroll policies and procedures for certification and approval of time sheets and for approval of leave and overtime requests. These control weaknesses increase the risk that payroll errors and/or fraud could occur and not be detected in a timely manner and may result in a loss of state and/or federal funds.

A review of payroll system reports for the 28,442 time sheets and the 45,463 leave and overtime requests during the period July 1, 2018, through January 31, 2020, disclosed the following:

- 665 (2%) time sheets were not certified by the employee.
- 3,999 (14%) time sheets were certified by the employee from one to 511 days after payroll was processed and had posted to the financial records.

- 2,164 (8%) time sheets were not approved by the supervisor.
- 7,979 (28%) time sheets were approved by the supervisor from one to 497 days after payroll was processed and had posted to the financial records.
- 6,399 (14%) leave and overtime requests that employees submitted to be electronically approved by a supervisor were automatically approved by the system after no action was taken by supervisors to approve or reject the requests before the system deadline. While CRT's policy allows time sheet approval by the supervisor to also serve as approval for any leave taken and/or overtime included on the time sheet, 1,030 (16%) of these 6,399 leave and overtime requests had no supervisor approval on the corresponding time sheets.

CRT's payroll policies and procedures require employees to complete a time sheet and the employee and supervisor to sign it as certification of its accuracy; to obtain advance approval to use annual, sick, or compensatory leave; and to obtain advance approval to work overtime for which compensatory leave is earned. CRT management did not ensure that employees followed established payroll policies and procedures for certifying and approving time sheets, and approving leave requests and overtime worked.

CRT management should emphasize compliance with established policies and procedures through employee training, guidance, and oversight. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 4-5).

Untimely Collection of Museum Admission Fees from Foundation

For the second consecutive engagement, OSM did not ensure that admission fees for the Wedell-Williams Aviation and Cypress Sawmill Museum (Museum) were timely billed, collected, and deposited. Since December 2013, the Wedell-Williams Memorial Foundation (Foundation) agreed to pay the costs of admission fees so that admissions to the museum could remain free to the public. Based on our review of the 20 monthly billings of admission fees totaling \$11,785 to the Foundation from July 1, 2018, through February 29, 2020, the average time for OSM to bill, collect, and deposit the admission fees after month-end was 69 days. In addition, 18 of the 20 payments from the Foundation were not timely deposited with the State Treasurer as required by Louisiana Revised Statute 49:308 with OSM taking between three and 16 days after receipt of the check to make the deposit.

OSM does not have a written agreement with the Foundation or adequate policies that provide for the timely billing, collection, and deposit of admission fees from the Foundation. Failure to timely bill and collect admission fees increases the risk of errors and/or that fees will not be collected. Also, failure to timely deposit checks with the State Treasurer results in noncompliance with state law and places those receipts at risk of loss due to theft or misuse.

OSM should establish a written agreement with the Foundation and establish policies to ensure monies due from the Foundation for admission fees are timely billed, collected, and deposited. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 6).

Incorrect Admission Fees for the Rosedown Plantation and Historic Site

For the second consecutive engagement, the Office of State Parks' (OSP) Rosedown Plantation and Historic Site (Rosedown) did not charge the admission fee as promulgated in the Louisiana Administrative Code (LAC) for 9,420 visitors between July 1, 2018, and December 31, 2019, resulting in uncollected revenue totaling \$28,260 and noncompliance with the LAC. Louisiana Revised Statute 56:1684 requires OSP to adopt policies governing the development, management, and visitor use of state parks and historic sites. These policies include admission fees for the parks and historic sites which are promulgated in Title 25, Part IX, Chapter 5 of the LAC in accordance with the Louisiana Administrative Procedures Act.

Effective March 1, 2017, Rosedown's regular adult admission fee according to LAC is \$15, but the actual fee still being charged has remained at \$12. In response to the prior-engagement finding, management represented that Rosedown's \$15 adult admission fee in LAC was incorrect, and the costs to revise the LAC was unwarranted and an inefficient use of resources given the assistant secretary has the authority to approve discounts. However, according to LAC, the assistant secretary's authority to approve discounts applies only to special events and uses. OSP management should charge the \$15 admission fee at Rosedown as promulgated in LAC or initiate the process to revise the applicable LAC section. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 7).

Weakness in Controls over Admission Fee Waivers and Discounts at State Parks

OSP does not have adequate controls over admission fee waivers and discounts, which may result in uncollected revenues. Based on our review of certain admission fee discounts and waivers on two selected days at nine of the 21 state parks and historic sites with admission fees, we identified 234 admission fee waivers and discounts as listed below that were granted without a written request from the potential users of the waivers or discounts and without evidence of the assistant secretary's authorization, as required by OSP's policies and procedures.

- 27 admission fee waivers for Bayou Segnette State Park.
- 4 admission fee waivers for Jimmy Davis State Park.
- 203 admission fee discounts (group rate charged) for Rosedown Plantation and Historic Site.

OSP's Policy and Procedure Memorandum No. 48 requires that all waivers and discounts, except day use by OSP employees performing official OSP business, must be authorized by the assistant secretary or his/her designee following a written request from the potential user. OSP staff did not comply with this policy when granting the waivers and discounts.

OSP management should emphasize compliance with established policies and procedures through employee training, guidance, and oversight. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 8-9).

Weaknesses in Controls over Contracts

CRT did not comply with state procurement regulations and did not adequately monitor its contracts for compliance with contract terms, which increases the risk that state funds are inappropriately spent. Based on our review of 25 contracts that were initiated or in effect between July 1, 2018, and February 20, 2020, and the related supporting documentation, invoices, and contract deliverables, we identified five (20%) contracts with the following exceptions:

- One grant between the Office of State Library (OSL) and a local nonprofit organization (grantee) allowed for two progress payments and one final grant payment to the grantee. The three grant payments were not approved by a contract monitor. Also, the second progress payment was disbursed without CRT staff obtaining evidence of the completion of activities specified in the contract for the grantee to receive the progress payment. The grant was for the nonprofit to provide direct support to a local library and to provide complimentary programming and services, such as literacy and life skills training to the community. In addition, all three grant payments totaling \$50,000 were paid using Office of Tourism's (OT) funds and do not appear to be an appropriate use of OT's funds which were appropriated for use by the legislature to promote tourism in Louisiana.
- One personal service contract and one professional services contract did not have the required certification letter which must be submitted to the Office of State Procurement for contracts exceeding \$5,000 in accordance with state procurement regulations.
- One consulting contract's final performance evaluation was not prepared and submitted to the Office of State Procurement within 60 days after the contract ended as required by state procurement regulations. CRT submitted the final performance evaluation almost six months after the contract ended.
- One consulting contract was overpaid by \$225 due to a billing error on the contractor's invoice that was not detected by the contract monitor.

Good internal controls require policies and procedures be followed to ensure compliance with state procurement regulations and ensuring that contractors and grantees complied with the terms of the agreement prior to disbursing payments. CRT management did not ensure CRT staff followed established policies and procedures.

CRT management should emphasize compliance with established policies and procedures through employee training, guidance, and oversight. In addition, CRT should replace OT's funds that were used to pay the OSL grant. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 10).

William R. Irby Trust

We obtained an understanding of LSM's controls over the administration of the Irby Trust, and performed procedures to address the prior-year finding titled Weaknesses in Controls over William R. Irby Trust. We reviewed selected Irby purchases and all LSM-approved apartment guest stays during the period July 1, 2018, through January 31, 2020, and we reviewed the fiscal years 2019 and 2020 Irby Trust budgets.

Based on the results of our procedures, LSM partially resolved the prior-year finding. We determined Irby purchases were authorized, adequately supported, and complied with applicable policies and regulations, and Irby budgets for fiscal years 2019 and 2020 were approved by the LSM Board of Directors (Board) prior to the start of the fiscal year. However, as noted in the Current-year Findings section above, LSM does not have sufficient documentation to determine if the approved guest stays in the apartment designated by the Board for LSM's use were for museum-related purposes. Also, the use of the apartment for the benefit of OLG/CRT does not appear to comply with the Irby Trust and may violate the Article 7, Section 14 of the Louisiana Constitution.

Seafood Marketing Program Expenditures

We obtained an understanding of OLG/CRT's controls over Seafood Marketing Program (Program) expenditures and performed procedures to address the prior-year finding. We analyzed Program expenditures during the period July 1, 2018, through December 31, 2019, and reviewed selected transactions. Based on the results of our procedures, OLG/CRT has resolved the prior year finding. Program purchases were properly authorized, adequately supported, and complied with applicable laws and regulations.

Admission Fees

CRT's OSM operates nine museums and OSP operates 39 state parks and historic sites. We performed procedures to address the prior year finding titled Control Weaknesses over Admission Fees by reviewing system generated sales reports, daily collection reconciliations, and other documentation for selected museums and state parks and historic sites to ensure that admission fees were being accurately collected. We also reviewed documentation to ensure that admission fee waivers and discounts at selected state parks and historic sites were approved in accordance with established policies and procedures.

Based on the results of our procedures, we noted multiple control weaknesses related to admission fees that are included in the Current-report Findings section, as follows: a repeat finding on the Untimely Collection of Museum Admission Fees from Foundation, a repeat finding on the Incorrect Admission Fees for the Rosedown Plantation and Historic Site, and a finding on Control Weaknesses over Admission Fee Waivers and Discounts at State Parks.

Payroll Expenditures

Salaries and related benefits comprised approximately 43% of OLG/CRT's expenditures in fiscal years 2019 and 2020. We performed procedures to address the prior-year finding by analyzing payroll system reports from July 1, 2018, through January 31, 2020, to determine the timeliness of leave approvals and time sheet certifications and approvals. We also reviewed selected employees' salaries to ensure amounts paid were authorized. Based on the results of our procedures, employees were paid the amounts authorized. However, CRT employees did not follow established payroll policies and procedures for certification and approval of time sheets as reported in the repeat finding titled Weakness in Controls over Payroll.

LaCarte Expenditures

OLG/CRT participates in the state of Louisiana's LaCarte purchasing card program for general supplies and administrative expenses. We obtained an understanding of OLG/CRT's controls over LaCarte purchases and performed procedures to address the prior-year finding. We analyzed LaCarte card transaction listings for the period July 1, 2018, through January 31, 2020, and reviewed selected transactions. Based on the results of our procedures, OLG/CRT has resolved the prior-year finding. OLG/CRT had adequate controls in place to ensure that purchases were approved and made for proper business purposes; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to invoices and receipts.

Travel Expenditures

We obtained an understanding of OLG/CRT's controls over travel expenditures, which primarily included employee reimbursements for mileage and meals and direct payments through OLG/CRT's Controlled Billed Account (CBA) for flights, car rentals, hotels, and conference registrations and sponsorships. We analyzed selected travel reimbursements and CBA transactions for the period July 1, 2018, through February 20, 2020, and reviewed selected transactions. Based on the results of our procedures, OLG/CRT had adequate controls to ensure that travel reimbursements and CBA purchases were approved and made for proper business purposes, sufficiently documented, and complied with state laws and regulations.

Contract Expenditures

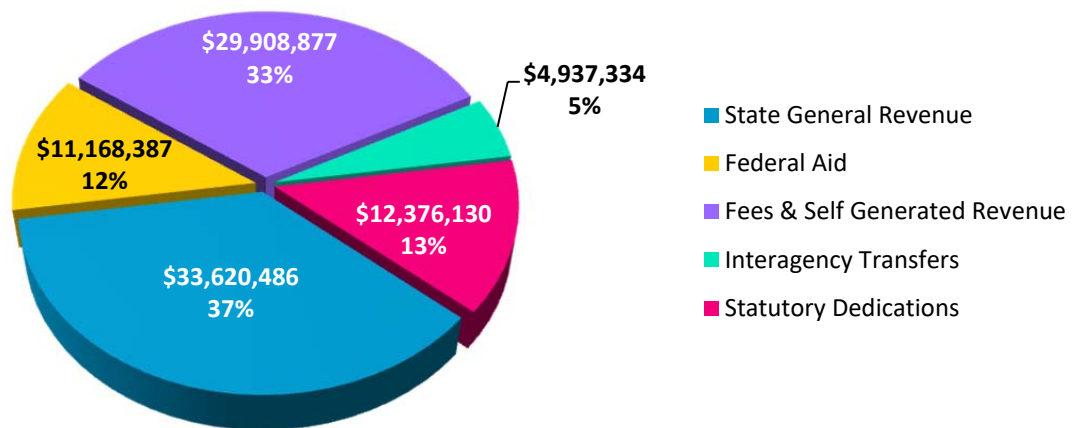
We obtained an understanding of OLG/CRT’s controls over professional, consulting, and personal service contracts, grant agreements, sponsorship agreements, and cooperative endeavor agreements (contracts). We analyzed contracts that were initiated or in effect during the period July 1, 2018, through February 28, 2020. We reviewed selected contracts to ensure contracts complied with applicable state procurement regulations, contract payments were sufficiently supported and approved, and contracts were properly monitored for compliance with contract terms. Based on the results of our procedures, we identified control weaknesses as noted in the Current-report Findings section above.

Trend Analysis

We compared the most current and prior-year financial activity using OLG/CRT’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from OLG/CRT’s management for any significant variances. We also prepared an analysis of OLG/CRT’s fiscal year 2020 revenues and expenditures.

As shown in Exhibit 1, OLG/CRT’s main sources of appropriated revenue consist of state general funds and fees/self-generated revenue. Approximately \$24 million of fees/self-generated revenue is for the Office of Tourism from sales and use tax collected by the Louisiana Tourism Promotion District. These funds are collected and deposited into the State Treasury by the Department of Revenue.

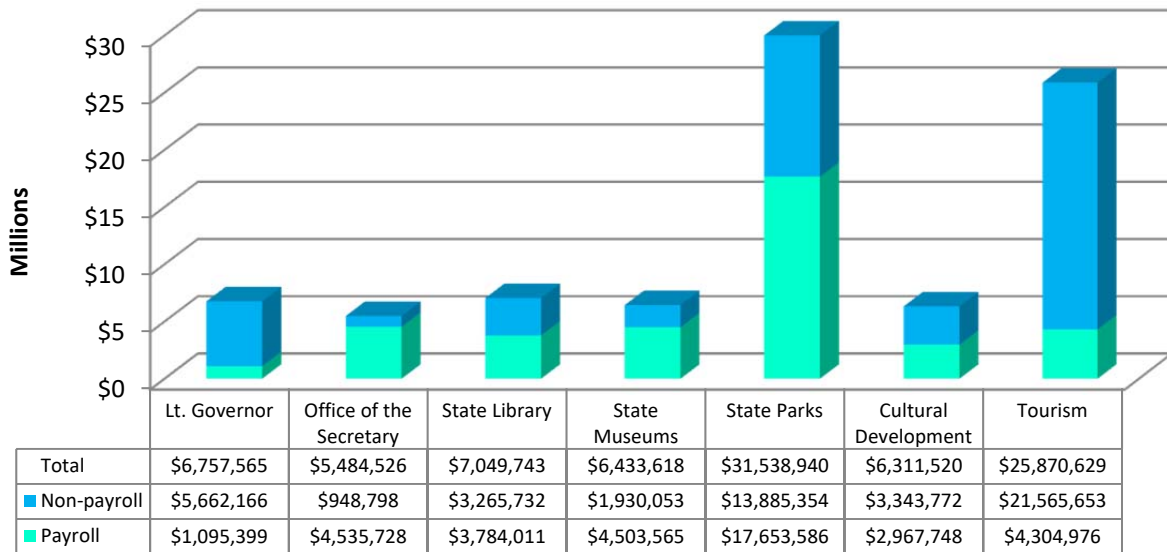
Exhibit 1
Total Fiscal Year 2020 Revenue by Appropriation Type
Total: \$92,011,214



Source: Integrated Statewide Information System Reports

Exhibit 2 shows OLG/CRT’s fiscal year 2020 total expenditures by agency. OSP and Office of Tourism make up the majority of OLG/CRT’s total expenditures. Approximately \$20 million (77%) of the Office of Tourism’s expenditures are related to marketing and advertising costs.

Exhibit 2
Total Fiscal Year 2020 Expenditures by Agency



Source: Integrated Statewide Information System Reports

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

ABS:BF:BQD:EFS:aa

APPENDIX A: MANAGEMENT'S RESPONSES



BILLY NUNGESSER
LIEUTENANT GOVERNOR

State of Louisiana
OFFICE OF THE LIEUTENANT GOVERNOR
DEPARTMENT OF CULTURE, RECREATION & TOURISM
OFFICE OF STATE MUSEUM

STEVEN MAKLANSKY
INTERIM ASSISTANT SECRETARY

October 26, 2020

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

Re: Control Weaknesses and Noncompliance Related to Apartment Use

Dear Mr. Purpera:

The Louisiana State Museum (LSM) is an entity within the Department of Culture, Recreation and Tourism (DCRT). The LSM receives direct support from various functions, services and resources of the DCRT including significant funding for its operations; marketing, advertising and communications services; as well as administrative services such as human resources, accounting, and legal services. The exchange and coordination between the various agencies that make up DCRT benefit all. For example, the Louisiana State Museum will receive more visitors when the tourism industry is thriving, and the tourism industry will thrive when there are attractions, such as museums, cultural resources, state parks and historic sites, libraries, seafood, etc. for tourists to enjoy.

As per your staff's request on October 19, 2020, please accept this letter as our response to the LLA's audit finding titled "Control Weaknesses and Noncompliance Related to Apartment Use." We concur with the recommendation to improve record-keeping related to the use of the Irby Apartment. However, while we appreciate the work of the LLA to assist in making improvements to the management and operation of the Louisiana State Museum, we respectfully disagree with the LLA's conclusions in regards to the use of the Irby Apartment in the Lower Pontalba Building. We do not concur with the suggestion that use of the Irby Apartment and the policy pertaining thereto in any way implicate the Irby Public Trust. We also do not concur with the suggestion that the use of the Irby Apartment for tourism, cultural development, and other DCRT purposes is inconsistent with "museum purposes" and/or that the policy related thereto is inconsistent with Article VII, Section 14 of the Louisiana Constitution.

Record-keeping related to the Irby Apartment will be improved.

We concur with your finding and recommendation that we should improve documentation related to use of the Irby Apartment. We will work to implement your recommendation to ensure that appropriate fields within the database used to track apartment usage clearly document the purpose of each guest's stay in order to better illustrate how every approved use of the Irby Apartment is intended to benefit the Louisiana State Museum.

The Irby Policy and authorized uses of the Irby Apartment thereunder are in accordance with the Irby Public Trust.

The terms of the Irby Public Trust are not implicated by any of the information contained in the audit report. The Irby Public Trust requires that the Lower Pontalba Building be preserved as a public memorial, that its architectural integrity remain unchanged, and that the building shall not be sold, mortgaged, or encumbered. Use of the Irby Apartment for culture, recreation, tourism, and other public purposes that benefit the Louisiana State Museum does not run afoul of these requirements established for the Lower Pontalba Building.

The Irby Public Trust also requires that revenue derived from the Lower Pontalba Building shall be used for the preservation and upkeep of the building and for general museum purposes. The revenue derived from the leases of the Lower Pontalba Building continues to be used for the purposes defined in the Irby Public Trust.

A public trust is a trust created to provide funds or other benefits for the furtherance and accomplishment of an authorized public function or purpose of the state or another governmental unit. The members of the LSM Board serve as the trustees of the Irby Public Trust. Trustees are obligated to act in a fiduciary capacity to preserve the trust and to ensure the terms and conditions of trust are faithfully carried out.

In 1996, the LSM Board voted to remove the Irby Apartment from the residential lease program and designate that apartment for uses that benefit the LSM. Authorized use of the Irby Apartment is limited to public purposes that that will benefit the LSM. DCRT purposes support the purposes of the LSM. The Irby Policy and authorized uses of the Irby Apartment do not reallocate the revenue derived from the building to purposes that fall outside of the allowable scope of uses of the revenue.

The Legislature granted the LSM Board specific responsibility to ensure the terms of the Irby Public Trust are complied with. The Legislature granted the Office of State Museum (OSM) general authority for the administration, management, operation, maintenance, and preservation of the Louisiana State Museum, including the Lower Pontalba Building, under the supervision, direction, and control of the DCRT. The LSM Board, the OSM, and the DCRT work together to manage the Lower Pontalba Building in accordance with the terms and conditions of the Irby Public Trust and all applicable provisions of law, including Article VII, Section 14 of the Louisiana Constitution.

The Irby Policy and authorized uses of the Irby Apartment thereunder are in accordance with Article VII, Section 14 of the Louisiana Constitution.

We do not concur with the LLA's finding and the recommendations related thereto that suggest that the Irby Policy and authorized use of the Irby Apartment thereunder may violate Article VII, Section 14 of the Louisiana Constitution, which prohibits the gratuitous donation of public resources. All authorized use of the Irby Apartment has been for public purposes that benefit the Louisiana State Museum. The use of the Irby Apartment for personal purposes has never been authorized under the Irby Policy, and continues to be strictly prohibited.

The agencies and officials of the DCRT are statutorily mandated to support the DCRT mission. The powers, duties, functions, and responsibilities of the DCRT are complementary. Therefore, and to the extent appropriate, DCRT administrative and programmatic functions are integrated, resources are leveraged, and the offices and officers of the DCRT work collaboratively to achieve the public and governmental purposes they are legally authorized to pursue.

As an entity placed in the DCRT, the Louisiana State Museum receives direct support from the DCRT. The DCRT provide the LSM significant funding for LSM operations; all marketing, advertising, and communications services; programmatic support; and administrative support services, such as human resources, accounting, and legal services. The LSM is able to support the DCRT mission by managing and operating a statewide museum system as an educational institution that preserves and presents the history, art, and culture of Louisiana and by allowing the Irby Apartment to be used for tourism purposes, cultural development purposes, and other DCRT purposes that, in turn, benefit the LSM.

This exchange and coordination between the various agencies that make up the DCRT is done in a means to best use state resources to accomplish the various missions and purposes of all agencies within DCRT. Furthermore, this coordinated assistance provided by the various agencies within DCRT exhibit the complementary nature and connections between the missions of our agencies.

The programs, successes, and resources of one DCRT agency inherently support and benefit the governmental purposes of the other DCRT agencies. As such, the use of the Irby Apartment by DCRT as a whole directly benefits the Louisiana State Museum. The authority over and the responsibility for policy, administration, and day-to-day management of the Lower Pontalba Building are duties shared among the several agencies and employees that fall within the DCRT, including the OSM and LSM Board. As described above, the OSM is vested

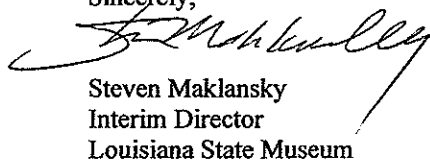
with general authority over the LSM, under the control of and with the support of the DCRT. The LSM Board is vested with specific authority over aspects of the LSM, carried out with the support of the DCRT and OSM. All DCRT agencies, officials, and employees work cooperatively within the governance framework established by law.

The OSM will work with the LSM Board and DCRT to take corrective action regarding record-keeping and oversight and to determine whether any policy, contractual, or administrative steps are recommended to clarify or otherwise address and resolve the legal issues raised.

We plan to take corrective action to improve maintenance of the database, including periodic reviews to update the database to ensure actual use reflects proposed use and to better illustrate how the approved use is intended to serve museum purposes. Additionally, we will work in conjunction with the LSM Board to determine the future acceptable use of the apartment. We plan to bring before the LSM Board the LLA's recommendation that the LSM Board should exercise "more oversight" over the use of the apartment. The LSM Board is a group of 20 volunteers (plus one ex officio member), appointed by the Lieutenant Governor, who meet approximately every other month to review and take action on items that fall within the LSM Board's jurisdiction.

We thank the LLA for its efforts to evaluate the administration of the Irby Apartment; however, we fundamentally disagree with many of the conclusions drawn by the LLA in regards to this finding.

Sincerely,



Steven Maklansky
Interim Director
Louisiana State Museum

Office of the Lieutenant Governor
State of Louisiana

BILLY NUNGESSER
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June 24, 2020

Daryl G. Purpera, CPA, CFE
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Re: Weakness in Controls over Payroll

Dear Mr. Purpera

As per your staff's request on June 19, 2020, please accept this letter as our official response to the LLA's audit finding titled "Weakness in Controls over Payroll." We concur with this finding and have already implemented corrective actions to address these issues after they were identified in an internal audit report, issued in December of 2019.

DCRT's internal auditor conducted an audit to follow up on a previous finding regarding payroll in the LLA's last report. After identifying similar findings, DCRT began implementing several corrective actions beginning in January of 2020, which we believe will reduce the levels of noncompliance with the requirements of payroll. These corrective actions include:

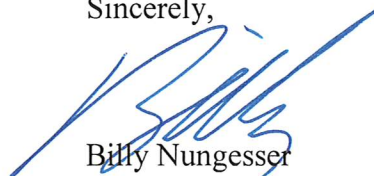
- Increasing monitoring by Human Resources to better ensure compliance with time entry, certification, and approval requirements, including identifying personnel areas and employees with repeated noncompliance so that corrective actions can be taken.
- Amending DCRT's policies and procedures to clarify requirements and employee expectations regarding payroll.
- Increasing employee education to bring awareness to established requirements of payroll by conducting informational seminars and disseminating quarterly emails to all of DCRT that include FAQ and Reference Cards regarding the time sheet system.
- Reiterating the role and responsibilities of Time Administrators to serve as an additional point of review between supervisors and Human Resources.
- Monitoring comments entered by employees and supervisors on time records to document appropriate justification of noncompliance with certification and approval requirements.

Since these corrective actions were implemented near the end of the scope of your staff's analysis, their effects are not reflected in these results. Based on the results of an internal analysis, DCRT has seen a reduction in the levels of noncompliance in several areas as a result of our efforts, despite difficulties associated with office closures due to COVID 19. For example, since mid-February, there has been a reduction in the percentage of time sheets being certified and approved late, as well as a reduction in the percentage of time sheets that were not approved by the supervisor.

While DCRT has room for improvement and is proactively taking steps to achieve greater compliance with requirements, there are factors outside the control of DCRT that will prohibit us from reaching full compliance. These factors primarily revolve around limitations and restrictions inherently built into the system used for time keeping, Cross Application Time Sheet (CATS). For example, since CATS only allows for certification and approval of time sheets during a narrow timeframe after the pay period is completed, many of the time sheets that were certified or approved "late" may be due to employees not being able to proactively certify or approve time sheets if they know they will not be in the office during the timeframe allowed by CATS, such as if they are on approved leave or if they are not scheduled to work during this time. Furthermore, many of our employees work in the field and do not have access to a computer on a daily basis, which impedes their ability to certify their time sheet during the designated time frames allowed by CATS. DCRT's policies and procedures have been amended to address these issues, requiring certification and/or approval within a designated timeframe of the employee's return to work, which should help reduce the extended time frames of late certifications and approvals. Additionally, revised policies and procedures require written justification as to the reason why a time sheet was not certified or approved within the timeframes allowed by CATS, which provides documented evidence for time sheets that were certified or approved after extended periods of time, such as if the employee was on extended medical leave. We believe the corrective actions implemented earlier this year will reduce the rates of noncompliance over time to an acceptable level, given the limitations inherent with the system used for time keeping.

We thank the LLA for its efforts to evaluate DCRT's compliance with payroll requirements. If we can be of further assistance, please do not hesitate to contact our office.

Sincerely,



Billy Nungesser
Lieutenant Governor

WHN/ab



BILLY NUNGESSER
LIEUTENANT GOVERNOR

State of Louisiana
OFFICE OF THE LIEUTENANT GOVERNOR
DEPARTMENT OF CULTURE, RECREATION & TOURISM
OFFICE OF MANAGEMENT AND FINANCE

NANCY WATKINS
UNDERSECRETARY

July 21, 2020

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

Re: Untimely Collection of Museum Admission Fees from Foundation

Dear Mr. Purpera:

As per your staff's request on July 13, 2020, please accept this letter as our official response to the LLA's audit finding titled "Untimely Collection of Museum Admission Fees from Foundation." We concur with this finding and have already started working on implementing corrective actions to address this issue.

Although the Office of State Museum (OSM) developed policies and procedures regarding the invoicing of the Wedell-Williams Memorial Foundation (Foundation) to reimburse the costs of the admission fees after the last audit, various issues including the retirement and separation of key personnel responsible for these duties, the serious illness of a Foundation officer, and delays due to changes in tax rates resulted in months in which admission fees were not billed, collected, and/or deposited in a timely manner. However, it must be stressed that all fees were ultimately collected, and the state was not denied any funds that it was owed.

OSM will implement corrective actions, including updating and clarifying policies and procedures regarding these processes and defining responsibilities of key personnel, which should help reduce the levels of noncompliance in regards to timely billing and depositing of funds in the future. However, OSM does not have control over the timely payment of funds by the Foundation to reimburse the costs of the admission fees. The Wedell-Williams Memorial Foundation has historically paid all costs of the admission fees so that admission to the museum can remain free to the public. As of July 7, 2020, OSM has finalized and executed a written agreement to formalize this arrangement with the Foundation. Quarterly records of the Foundation indicate that reimbursements were occurring in full, despite any delays that may have occurred in reimbursement of the admission fees. OSM will continue to work with the Foundation to improve timely reimbursement of admission fees in the future.

We thank the LLA for its efforts to evaluate OSM's compliance with these requirements. If we can be of further assistance, please do not hesitate to contact our office.

Sincerely,

A handwritten signature in blue ink that reads "Nancy Watkins".

Nancy Watkins
Undersecretary



BILLY NUNGESSER
LIEUTENANT GOVERNOR

State of Louisiana
OFFICE OF THE LIEUTENANT GOVERNOR
DEPARTMENT OF CULTURE, RECREATION & TOURISM
OFFICE OF STATE PARKS

BRANDON BURRIS
INTERIM ASSISTANT SECRETARY

September 3, 2020

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

Re: Incorrect Admission Fees for the Rosedown Plantation and Historic Site

Dear Mr. Purpera:

As per your staff's request on August 29, 2020, please accept this letter as our official response to the LLA's audit finding titled "Incorrect Admission Fees for the Rosedown Plantation and Historic Site." We concur with this finding and have already started the process to correct the admission fee outlined for Rosedown in LAC.

During the last amendments to LAC, the incorrect version of the rules were submitted which resulted in the \$15 admission fee to Rosedown to be promulgated by mistake. Due to concerns that the \$15 fee would negatively affect Rosedown's visitation rates, OPS management reduced the admission fee to \$12. At that time, OSP management decided to charge the \$12 admission fee in accordance with LAC Title 25, Part IX, Chapter 5, Section 500(E), which establishes the assistant secretary's ability to approve a discount or surcharge for the standard admission fee, until the rule could be corrected in LAC. Since the last audit report, several factors have prevented OSP's timely updating of LAC, including changes in the assistant secretary and other key administrative positions. OSP has recently hired a staff attorney, who is conducting a review of fees charged by OSP and has begun the process of updating LAC to ensure correct fees are properly reflected in LAC. We expect to have this process completed by the spring.

We thank the LLA for its efforts to evaluate OSP's admission fees. If we can be of further assistance, please do not hesitate to contact our office.

Sincerely,

A handwritten signature in blue ink, appearing to read "HBB", written over a blue horizontal line.

H. Brandon Burris
Interim Assistant Secretary

HBB:WL:cd



BILLY NUNGESSER
LIEUTENANT GOVERNOR

State of Louisiana
OFFICE OF THE LIEUTENANT GOVERNOR
DEPARTMENT OF CULTURE, RECREATION & TOURISM
OFFICE OF STATE PARKS

BRANDON BURRIS
INTERIM ASSISTANT SECRETARY

September 23, 2020

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

Re: Weakness in Controls over Admission Fee Waivers and Discounts at State Parks

Dear Mr. Purpera:

As per your staff's request on September 15, 2020, please accept this letter as our official response to the LLA's audit finding titled "Weakness in Controls over Admission Fee Waivers and Discounts at State Parks." We concur with this finding and recommendation and will begin implementing corrective actions to ensure that all authorized admission fee discounts and waivers have proper documentation and support to show evidence of their approval.

As established in various provisions of the Louisiana Administrative Code, the Office of State Parks (OSP) has the authority to provide discounted entry rates or waive the admission fee to state parks and historic sites, if approved by the assistant secretary. This is done in accordance with LAC Title 25, Part IX, Chapter 5, Section 500(E), which specifically allows for admission fees to be subject to a discount in association with special events and uses, such as walk-a-thons, marathons, etc. The assistant secretary may also authorize discounts in an effort to increase visitation to sites by attracting large tour groups with a discounted rate. This appears to be the case for the majority of the discounts referenced in your finding.

LAC Title 25, Part IX, Chapter 5, Section 500(B)(3)(c) allows for special entry rates for organized groups at Rosedown Plantation State Historic Site (Rosedown), set by the assistant secretary. The 203 admission fee discounts for Rosedown identified in the LLA's finding were approved for two organized groups of out-of-country visitors, who may not have visited the state historic site otherwise. Similarly, the assistant secretary has approved discounts to entice other organized groups to visit Rosedown, such as passengers on Mississippi River boat cruises.

OSP established internal policies and procedures (OSP PPM #48) to address the approval of waivers and discounts, which requires certain waivers and discounts to be approved by the assistant secretary following a written request from the potential user. Unfortunately, OSP did not maintain sufficient documentation to show the assistant secretary's approval of these particular discounts and waivers. However, based on our internal review, none of the instances outlined in the LLA's finding appear to be for discounts or waivers that were not authorized by the assistant secretary; therefore, these instances did not result in uncollected revenues. OSP

will develop a more formal process to track and document the assistant secretary's approval of all waivers and discounts in the future.

We thank the LLA for its efforts to evaluate OSP's admission fees. If we can be of further assistance, please do not hesitate to contact our office.

Sincerely,

A handwritten signature in blue ink, appearing to read 'H. Burris', with a stylized flourish at the end.

H. Brandon Burris
Interim Assistant Secretary



BILLY NUNGESSER
LIEUTENANT GOVERNOR

State of Louisiana
OFFICE OF THE LIEUTENANT GOVERNOR
DEPARTMENT OF CULTURE, RECREATION & TOURISM
OFFICE OF MANAGEMENT AND FINANCE

NANCY WATKINS
UNDERSECRETARY

October 6, 2020

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

Re: Weakness in Controls over Contracts

Dear Mr. Purpera:

As per your staff's request on September 24, 2020, please accept this letter as our official response to the LLA's audit finding titled "Weakness in Controls over Contracts." We concur with this finding and have started the process to implement corrective actions.

DCRT strives to ensure that all of our contracts follow required state procurement regulations and are properly monitored to ensure deliverables are met prior to payments. Based on our review of the instances identified in your analysis, these instances appear to be the result of potential confusion over the role and responsibilities of the contract monitors on these contracts.

As corrective actions, DCRT will better define the role and responsibilities of the contract monitors and provide better training, guidance and oversight so that instances such as these are less likely to occur in the future. Contract monitors will be responsible for ensuring that all deliverables established in the contract are fully provided prior to payments being issued, that invoices and other documentation obtained from the contractor are free from error and accurately reflect the work performed, and that performance evaluations are completed and submitted within the required timeframe. Additionally, DCRT's Contract Review section will re-evaluate its internal processes to better ensure that state procurement regulations regarding contracts are followed and that contract monitors are clear on their roles and responsibilities regarding their contracts.

We thank the LLA for its efforts to evaluate DCRT's contracts. If we can be of further assistance, please do not hesitate to contact our office.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Watkins".

Nancy Watkins
Undersecretary

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Office of Lieutenant Governor (OLG) and Department of Culture, Recreation, and Tourism (CRT) for the period from July 1, 2018, through June 30, 2020. Our objective was to evaluate certain controls OLG/CRT uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the OLG/CRT's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The OLG/CRT's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated OLG/CRT's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to OLG/CRT.
- Based on the documentation of OLG/CRT's controls and our understanding of related laws and regulations and results of our analytical procedures, we performed procedures on selected controls and transactions relating to the William R. Irby Trust, Seafood Marketing Program expenditures, admission fees, payroll expenditures, LaCarte expenditures, travel expenditures, and contract expenditures.
- We compared the most current and prior-year financial activity using OLG/CRT's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from OLG/CRT's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at OLG/CRT and not to provide an opinion on the effectiveness of OLG/CRT's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.