



*State of Louisiana*

OFFICE OF  
STATE INSPECTOR GENERAL

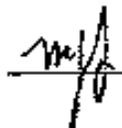
Unauthorized Bank Accounts

December 15, 1997

Report by

 Inspector General Bill Lynch

Approved by

 Governor M.J. "Mike" Foster, Jr.

File No. 1-98-0022

# Unauthorized Bank Accounts

The Information and Education section of the Department of Wildlife and Fisheries operated two unauthorized checking accounts involving more than \$73,000 in self generated funds in 1994 and 1997 for two programs it conducted to acquaint the public with the outdoors. The programs were "Becoming an Outdoor Woman and "Families United with Nature." State laws on the depositing of state funds and opening of bank accounts were violated.

Expenditures of \$13,000 for the programs did not follow an executive order governing bid requirements on small purchases and the failure to use the state contract for printing resulted in an overpayment of \$1,000 for two projects.

## Background

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Becoming an Outdoor Woman is a national program which was established in Louisiana by the Department of Wildlife and Fisheries in September 1994 as a weekend event to teach women outdoor skills. It involved both Wildlife employees and volunteers. There have been five workshops through April 1997.

The Families United with Nature Camp is also a weekend event aimed at single parents and their children. There have been four camps beginning with the first workshop in April 1997.

Self generated revenues for both programs come mostly from registration fees with some from grants. Revenues from Outdoor Woman were \$67,628 and from the Nature Camp \$5,550, a total of \$73,178. Expenditures for the two programs totaled \$60,015. The Wildlife Department has closed both unauthorized accounts and deposited balances in its regular accounts.

## Unauthorized Checking Accounts

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The Information and Education section opened two unauthorized checking accounts for the Becoming an Outdoor Woman and Families United with Nature programs circumventing state laws on the depositing of state funds and the accounting for bank accounts.

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Article VII Section 9 of the state Constitution requires all money received by the state or any **state board, agency, or commission** to be deposited immediately in the state treasury, with certain exceptions which in this case do not apply to these accounts.

La. R.S. 39:372, known as the state Cash Management Act, requires that all state entities have written approval to open bank accounts from the cash management review board.

Neither checking account complies with these requirements.

Since a bank account requires a tax identification number under federal law, the Wildlife Department listed the accounts under the name of Louisiana Hunter Education Instructor Association, a private organization, with officials of the state agency as signatories.

## Expenditure Non-Compliance

The department failed to follow the Governor's executive order covering purchases of items under \$10,000 which require documented telephone bids between \$500 and \$2,000. No records for competitive bids were found on purchases totaling \$13,818, for which there should have been telephone quotes. Many of these purchases were promotional items such as printed T-shirts, mugs, and compasses.

Two purchases were for printing. Neither purchase was from the state contracted vendor for printing. A comparison of the printing purchased with an estimate from the state contract shows the department spent an estimated \$ 1,000 over the state contracted prices. In addition, the executive order requires that printing jobs over \$500 be obtained from vendors under state contract.

## **Conclusions:**

1. The Department of Wildlife and Fisheries operated two unauthorized bank accounts in violation of Article VII Section 9 of the Constitution covering the deposit of state Funds and La. R.S. 39:372, Cash Management Act covering state bank accounts.
2. Purchases on \$13,000 of items were not in compliance with the public bid requirements set out in the Governor's executive order for small purchases.

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3. Failure to use the state contract for printing resulted in an excess cost of \$ 1, 000, and violated the Governor's executive order regarding printing purchases over \$500.

*Recommendations:*

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The Department of Wildlife and Fisheries should proceed with the action to place the programs on budget and comply with the state procurement law.

We are referring the matter to the Legislative Audit Advisory Committee as required by La. R.S. 39:372.

Enclosures

BL/SO/FS

File No. 1-98-0022

# State of Louisiana



James H. Jenkins, Jr.  
Secretary

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M.J. "Mike" Foster  
Governor

December 8, 1997

Mr. Bill Lynch, Inspector General  
P.O. Box 94095  
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REF: FILE NO. 1-98-0022

Dear Mr. Lynch,

This is our response to the draft report I received from your office. I sincerely hope this may prove of some mitigating benefit in your final determinations.

1. With reference to the two unauthorized bank accounts: The initial account was set up during the previous I&E Division administration. The parties who actually established that account in cooperation with the Louisiana Volunteer Hunter Education Instructors Association are no longer with this department, or in state government. More than seventy five percent of the original BOW instructors were Hunter Ed. volunteer instructors. Staff members who were employed here at that time recall that the "Becoming An Outdoor Woman" account was established in order to pilot the program. This procedure was never questioned as "improper" by our Fiscal Office. The "FUN Camp" account was established using the BOW account as a model.

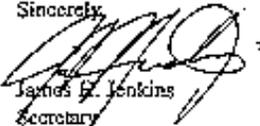
We had already requested an internal audit of the two accounts before your investigation commenced, with the goal of assuring the two accounts were being operated properly.

2. These expenditures were made from the two accounts referenced above. The account was opened by the Louisiana Volunteer Hunter Education Association, a private organization of private citizens who voluntarily teach Hunter Education and other courses for our Education Section. That association is not a state agency, nor is it an official part of a state agency. It was and is our understanding that such "outside" accounts are not bound by state purchasing guidelines. All expenditures have now been audited and accounted for by the department's Fiscal Office the outside accounts have been closed out.

3. This printing expenditure was among the purchases discussed in item 2 above. In preparing this response, we requested an estimate of printing cost, based on the actual pamphlet in question, from the State Printing Office. We were quoted AN ESTIMATE of \$1,283.87 for 2,000 copies. (Copy attached.) State Printing also noted that they cannot print the job due to the technical requirements and would have to contract it out to another printer. Our actual cost incurred for 2,000 copies of the pamphlet in question was \$1,507.80. This estimate represents a total difference of \$223.93. This is far less than the estimate reported in your draft report.

As discussed above, both accounts have now been brought into the department's regular Fiscal Office procedures and all expenditures are now handled in strict accordance with all state purchasing guidelines.

Sincerely,

  
James H. Jenkins  
Secretary

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