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Department of Revenue:
Analysis of Program Authority
and Performance Data

December 1998

Performance Audit Division

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

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Department of Revenue: Analysis of Program Authority and Performance Data

December 1998

Performance Audit
Office of Legislative Auditor
State of Louisiana

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Legislative Auditor

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

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

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

December 9, 1998

The Honorable Randy L. Ewing,
President of the Senate
The Honorable H. B. "Hunt" Downer, Jr.,
Speaker of the House of Representatives

Dear Senator Ewing and Representative Downer:

This report gives the results of our performance audit of our Analysis of Program Authority and Performance Data of the Department of Revenue and its related boards, commissions, and like entities. The audit was conducted under provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. In particular, this audit addresses requirements of R.S. 24:522, the Louisiana Performance Audit Program.

The report represents our findings, conclusions, and recommendations. We have also identified matters for legislative consideration. Appendixes E through G contain the responses of the department, the Louisiana Tax Commission, and the Division of Administration, Office of Planning and Budget. I trust that this report will be of use to you in your legislative decision-making.

Sincerely,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

CATS:GWH:DGK:dl

[REVENUE]

December 9, 1998

Executive Summary

Department of Revenue: Analysis of Program Authority and Performance Data

For the fiscal year 1997-98, the legislature authorized the Department of Revenue to spend almost $66 million to operate its programs and the Louisiana Tax Commission. Our audit of the 1997-98 executive budget performance data found that:

- Program missions and goals presented in the 1997-98 executive budget are consistent with state law. However, the executive budget program authorization, which provides each program's legal authority, is not always accurate and complete. Thus, this information in the executive budget may not be reliable.
- The Department of Revenue's and the Louisiana Tax Commission's performance data reported in the 1997-98 executive budget do not provide sufficient information to the legislature and other external users to evaluate the department's accomplishments. Some missions and goals are absent. Goals are incomplete. None of the objectives are measurable or timebound. Thus, the performance indicators do not measure progress toward objectives. The indicators primarily focus on outputs and do not focus on results.
- Performance data are not included in the 1997-98 executive budget for the Louisiana Tax Free Shopping Commission's activities. This could decrease the program's accountability.
- Although the department has been proactive in its strategic planning efforts, its 1997-98 and 1998-99 operational plans do not provide complete information and performance data on the activities of statutorily created offices within the Tax Collection Program. The operational plan is also not independently reviewed. Without a complete and accurate operational plan, the Office of Planning and Budget may not be able to effectively develop the executive budget.
- There is some coordination to ensure overlap does not exist for four areas within the department that met our criteria for potential overlap. The lack of continued or improved coordination may impact these functions efficiency and effectiveness.
- Twenty-nine of the department's statutorily authorized activities are either obsolete or not implemented. The Department of Revenue and the Louisiana Tax Commission have not reported these matters to the legislature, as required by law. Without such information, the legislature may not be able to make informed decisions on program funding or service delivery.

Daniel G. Kyle, Ph.D., CPA, CFE, Legislative Auditor
Phone No. (225) 339-3800

Audit Initiation and Objectives

The Office of the Legislative Auditor conducted this performance audit of the Department of Revenue (DOR) executive budget program information in response to certain requirements of Louisiana Revised Statute (R.S.) 24:522. This report is one of a series of reports on all major executive branch departments.

The primary objectives of this audit were to:

- Determine if the department's missions and goals as reported in the fiscal year 1997-98 executive budget are consistent with legislative intent and legal authority
- Determine if the department's missions, goals, objectives, and performance indicators as reported in the fiscal year 1997-98 executive budget are consistent with established criteria
- Determine if the department's objectives and performance indicators as reported in the fiscal year 1997-98 executive budget collectively provide useful information for decision-making purposes
- Identify any programs, functions, and activities within the department that appear to be overlapping, duplicative, or outmoded

Four Programs Authorized for the Department of Revenue

State law directs DOR to assess, evaluate, and collect state revenue sources assigned to it by law. In fiscal year 1996-97, DOR's Tax Collection Program collected over $5 billion in revenues for the state and other governmental entities. The department also administers vacant successions in the Public Administrators Program. In the Alcoholic Beverage Control Program, the department also has general authority for enforcing the alcohol and tobacco control laws through the Office of Alcohol and Tobacco Control. In addition, the Louisiana Tax Commission (LTC) is a separate budget unit within DOR. State law directs LTC to oversee the valuation of local property tax assessments, which is done in the Property Taxation Regulatory/Oversight Program. DOR's duties within these programs involve over 1,000 employees. Budgeted cost is $66 million for fiscal year 1997-98. We also identified 19 boards, commissions, and like entities that relate to DOR but are not part of the department's budget.

(See pages 21-32 of the report.)

Planning in Need of Improvement

DOR's operational plans for 1997-98 and 1998-99 do not provide the Office of Planning and Budget (OPB) with complete information and performance data on the activities of statutorily created offices within the Tax Collection Program. In addition, procedures for developing the operational plan do not include an independent review of the performance data. If performance data are not consistently reviewed and reported in the operational plan, OPB may not be able to use the plan to effectively develop the executive budget.

DOR and LTC have been proactive with their planning efforts by developing strategic plans before the passage of Act 1465 of 1997. According to OPB officials, they are working with DOR and LTC to further refine the strategic plans to meet the requirements of Act 1465 and *Manageware's* guidelines. As a result, DOR and LTC have a good base for internal and operational planning.

(See pages 33-37 of the report.)

Recommendations

2.1 DOR and LTC should revise their procedures and methods to develop their operational plan in accordance with all of OPB's instructions. Particularly, the program description for the Tax Collection Program should include a detailed plan of operations that includes the performance of all statutorily created offices.

2.2 DOR should establish an internal review process to verify and validate the performance data used in operational plans submitted to OPB. DOR's Internal Audit Division could possibly validate operational plans and performance data before submission to OPB.

2.3 As OPB recommends, DOR and LTC should continue improving their strategic plans to comply with Act 1465 of 1997 requirements. The improved strategic plans should be used to prepare the operational plan and to allocate resources.

Program Authorization Is Consistent With State Law

Three of the programs' mission and goals in the fiscal year 1997-98 executive budget are consistent with legislative intent and legal authority. The Public Administrators Program lacks a mission and goal in the 1997-98 executive budget. In addition, the executive budget program authorization, which provides each program's legal authority, is not always accurate and complete. Thus, this information in the executive budget may not be reliable.

(See pages 40-44 of the report.)

Coordination of the Department of Revenue's Activities

Four areas within DOR met our criteria for potential overlap. However, there is some coordination within these areas, which may help to prevent overlap. Without continued or improved coordination within these areas, DOR's programs, functions, and activities may not be efficiently and effectively operated.

(See pages 44-48 of the report.)

Some Program Activities Are Outmoded or Not Implemented

State law requires agencies to report to the legislature unfunded activities. However, DOR and LTC have not completely reviewed and reported these conditions. We found 51 of the department's authorized activities were outmoded or not implemented. In addition, 8 superseded statutes of currently funded activities may need to be repealed. However, during the 1998 Regular Session, the legislature repealed 22 of the 51 activities. If the remaining 29 activities are outmoded, maintaining their statutory structures may cause confusion for department officials and legislators making decisions on program funding or service delivery. In addition, the eight superseded statutes of currently funded activities may need to be repealed to prevent confusion.

(See pages 49-59 of the report.)

Matters for Legislative Consideration

3.1 The legislature may wish to further review areas mentioned in Recommendation 3.2 to ensure there is adequate coordination. If the review identifies actual overlap, the legislature may wish to direct the department to develop coordinating strategies or coordinate some entities.

3.2 If the legislature considers including the Public Administrators Program as a functional unit within the Tax Collection Program, it may wish to review R.S. 9:1586. The purpose of this review would be to determine if any amendments are necessary relating to the maintenance and accounting of funds realized from vacant successions and deposited to the state treasury.

3.3 After further review of these (outmoded) provisions, the legislature may wish to further consider legislation to repeal or update statutes related to the activities listed in Exhibits 3-2 and 3-3.

Recommendations

3.1 OPB, DOR, and LTC should work together to ensure that all program authorizations in the executive budget and the operational plan contain accurate and complete legal citations.

3.2 DOR should continually work to improve coordination of all its functions and activities, especially in the following areas:

- Field audits
- Unclaimed funds
- Administrative functions of forms management and training

3.3 As required by R.S. 49:191.1(A), and as part of the annual budget process, DOR and LTC officials should report any statutorily authorized functions or activities for which implementing funds were not appropriated. If there are no unfunded functions or activities, the Sunset Review Budget Request Forms should reflect this information.

Department of Revenue's Performance Data Need Further Development

The fiscal year 1997-98 executive budget does not clearly articulate each programs' plans and accomplishments within the missions, goals, objectives, and performance indicators. In addition, the executive budget does not include performance data for the Louisiana Tax Free Shopping Program (LTFSP). As a result, users of this document may not be able to evaluate the department's overall performance or individual program performance.

There is no overall department mission and goal included in the budget document. The budget units also do not report missions and goals. Finally, some programs lack a mission or goals. In addition, for programs with goals, the goals do not provide a sense of direction on how the program is to address the mission. When a program's mission and goal is not properly disclosed, users of the executive budget may not understand the program's purpose, clientele, or activities.

None of the objectives are measurable or timebound. In addition, most of the objectives are lengthy and address multiple topics. Accordingly, the performance indicators do not measure progress toward objectives. Thus, when collectively considering the objectives and indicators, users of the executive budget cannot evaluate the department's performance in collecting revenues for the state, performing oversight and valuation of property tax assessments, and enforcing the alcohol and tobacco control laws.

In addition, performance measures focus on outputs and not results. There are few input, outcome, efficiency, and quality measures. A complete mix of indicators is necessary to evaluate program performance or make informed budgetary decisions.

(See pages 61-84 of the report.)

Recommendations

4.1 The LTFSP staff, as well as OPB, DOR, and House Appropriations Committee staff should decide what performance data the legislature needs on the LTFSP, and whether the performance data should be reported in future editions of the executive budget.

4.2 DOR, LTC, OPB, and House Appropriations Committee staff should continue to work together to develop a mission and goals for the overall department.

4.3 DOR, LTC, OPB and House Appropriations Committee staff should continue to work together to develop missions, goals, objectives, and performance indicators that meet established criteria. In addition, they should work together to develop a mix of performance indicators to report in the operational plan and executive budget.

4.4 DOR, LTC, OPB and House Appropriations Committee staff should continue to work together to limit the use of multi-tiered objectives in the executive budget.

4.5 DOR, LTC, OPB, and House Appropriations Committee staff should continue to work together to ensure that missions are included in future executive budgets and that they are organizationally acceptable, as well as identify an overall purpose and client groups.

4.6 DOR, LTC, OPB, and House Appropriations Committee staff should work on creating goals that provide a sense of direction on how the program will address the mission. They should also continue to work together to ensure that goals continue to be consistent with program missions.

4.7 DOR, LTC, OPB, and House Appropriations Committee staff should work on creating measurable and timebound objectives. This should include working toward eliminating objectives that address multiple topics. They should also continue to work together to ensure that objectives are consistent with goals and specify desired end results.

4.8 DOR, LTC, OPB, and House Appropriations Committee staff should work together to create performance indicators that measure progress toward the objective. This should be accomplished by the development of measurable objectives. They should also continue to work together to ensure that performance indicators continue to be consistent with objectives and are easy to understand.

4.9 DOR, LTC, OPB, and House Appropriations Committee staff should work together to create sets of performance indicators for all objectives that contain a balanced mix of indicator types.

Chapter 1: Introduction

Audit Initiation and Objectives

The Office of the Legislative Auditor conducted this performance audit of the executive budget program information for the Department of Revenue (DOR) in response to certain requirements of Act 1100 of 1995. This act amended the state audit law by adding Louisiana Revised Statute (R.S.) 24:522, which created the Louisiana Performance Audit Program. Although the legislative auditor has been conducting performance audits since 1986, R.S. 24:522 formalizes an overall performance audit program for the state. In addition to finding solutions to present fiscal problems, the legislature created the Performance Audit Program to identify and plan for the state's long-term needs.

This report is one of a series of reports on all executive branch departments addressing the following objectives:

- Determine if the department's missions and goals as reported in the fiscal year 1997-98 executive budget are consistent with legislative intent and legal authority
- Determine if the department's missions, goals, objectives, and performance indicators as reported in the fiscal year 1997-98 executive budget are consistent with established criteria
- Determine if the department's objectives and performance indicators as reported in the fiscal year 1997-98 executive budget collectively provide useful information for decision-making purposes
- Identify any programs, functions, and activities within the department that appear to be overlapping, duplicative, or outmoded

Report Conclusions

Louisiana's DOR is to assess, evaluate, and collect state revenue sources assigned to it by law. It also has general authority for enforcing the alcohol and tobacco control laws through the Office of Alcohol and Tobacco Control. In addition, the Louisiana Tax Commission (LTC) is a separate budget unit within DOR. LTC is responsible for performing oversight and valuation of local property tax assessments.

For fiscal year 1996-1997, the department collected various types of revenue for the state and other governmental entities. Total net collections were over $5 billion. For fiscal year 1998, the legislature appropriated to DOR an operating budget of approximately $66 million and authorized over 1,000 positions.

For budgetary purposes, the department is composed of four programs within two budget units. There are also 19 boards, commissions, and like entities that relate to DOR and LTC. However, the budget does not fund the activities of any of these entities.

DOR's operational plans for 1997-98 and 1998-99 do not provide OPB with complete information and performance data on the activities of statutorily created offices within the Tax Collection Program. In addition, procedures for developing the operational plan do not include an independent review of the performance data. If performance data are not consistently reviewed and reported in the operational plan, OPB may not be able to use the plan as an effective basis for the development of the executive budget.

The department has been proactive and recently revised an earlier strategic plan to meet Act 1465 of 1997 requirements and *Manageware* guidelines. When strategic plans are fully developed, it makes it easier to develop complete and useful operational plans.

The various program missions and goals reported in the 1997-98 executive budget are consistent with state law. However, some of the executive budget legal citations for program authorization are not always accurate and complete. As a result, users of the budget document cannot place total reliance on the accuracy of the program authorization.

There are four areas within DOR that met our criteria for potential overlap. However, there is some coordination

within these areas, which may help to prevent overlap. Without continued or improved coordination within these areas, DOR's programs, functions, and activities may not be efficiently and effectively operated.

State law requires agencies to report to the legislature unfunded activities. Unfunded activities may be outmoded. However, the department has not completely reviewed and reported these conditions. The department identified 8 superseded statutes of currently funded activities that may need to be repealed. In addition, there are 29 activities that are statutorily authorized, but not implemented. When the legislature is not fully informed of authorized activities that are outmoded or not implemented, the legislature may not be able to make informed decisions on program funding or service delivery.

DOR's and LTC's missions, goals, objectives, and performance indicators in the 1997-98 executive budget do not provide sufficient information to users of this document on which to judge the overall performance of DOR, LTC, or of the individual programs. In addition, the executive budget does not include any performance data for the Louisiana Tax Free Shopping Program. It also does not include missions and goals for the department, the budget units, and several programs.

For programs with performance data in the executive budget, the goals do not provide a sense of direction on how the program is to address the mission. DOR's and LTC's objectives are not measurable, do not provide a time frame for completion, and are not concisely written. As a result, none of the performance indicators measure progress toward objectives. The indicators predominantly measure outputs. Without a variety in the quality and types of indicators, readers may not receive a complete view of the programs' impact, effectiveness, and efficiency.

Accountability Initiatives

Article XIV, Section 6 of the 1974 Louisiana Constitution reorganized the executive branch into 20 departments. State law says that the structure of the executive branch of state government is, in part, to promote economy and efficiency in the operation and management of state government. Since the reorganization, additional efforts have been undertaken to eliminate duplicative, overlapping, and outmoded programs and activities. Some of these efforts require internal reviews of programs, policies, and services of state agencies while others provide for external reviews.

R.S. 24:522 requires the legislative auditor to annually make recommendations to the legislature relative, in part, to the effectiveness and efficiency of programs and services that the various state agencies provide. In particular, it directs the auditor to evaluate the basic assumptions underlying all state agencies, programs, and services to assist the legislature in identifying those that are vital to the best interests of the people of Louisiana and those that no longer meet that goal. The act also requires state agencies to produce certain information during the budgetary process.

In July 1996, the Office of Legislative Auditor issued a report that examined the performance and progress of Louisiana state government. That report followed up on all recommendations made in performance audits and staff studies issued by the legislative auditor during the previous three years. In that report, we tracked the progress of agencies in implementing recommendations contained in the performance studies and identified related legislation. We also identified a number of problem areas in state government including inadequate oversight and inadequate planning.

As part of our continuing efforts to meet the requirements of R.S. 24:522, we have issued this report that examines the legal authority for the department's programs and services. This report also examines the program information contained in the fiscal year 1997-98 executive budget and builds on the need for better planning. As previously mentioned, similar performance audit reports have been issued on all other executive branch departments.

State law (R.S. 49:190 *et seq.*) also requires agencies to provide the legislature with certain information to justify their existence in order to continue. This is referred to as the sunset review process. This process allows the legislature an opportunity and mechanism to evaluate the operations of state statutory entities.

Furthermore, state law requires an annual report by department undersecretaries on their department management and program analysis. These reports, required by the provisions of R.S. 36:8, are referred to as Act 160 reports, because Act 160 of 1982 originally enacted this law. This law requires agencies to conduct evaluations and analyses of programs, operations, and policies to improve the efficiency, economy, and effectiveness of the departments.

Other performance legislation includes an accountability act for colleges and universities. Also, various agency performance related reports are required to be submitted with the agency budget request, including the Sunset Review Budget Request forms.

Program Budgeting and Strategic Planning Focus on Outcomes

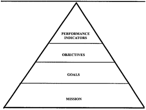
Act 814 of the 1987 Regular Legislative Session, which amended and reenacted R.S. 39:41 and 43, required the state to adopt a program budgeting system beginning in fiscal year 1988-89. Currently, R.S. 39:36 requires the executive budget to be in a format that clearly presents and highlights the programs operated by state government. According to *Manageware*, a publication of the Division of Administration's Office of Planning and Budget (OPB), program budgeting is a budget system that focuses on program objectives, achievements, and cost-effectiveness. *Manageware* also states that program budgeting is concerned with outcomes or results rather than with individual items of expenditure.

Strategic planning is a process that sets goals and objectives for the future and strategies for achieving those goals and objectives, with an emphasis on how best to use resources. Act 1465 of the 1997 Regular Legislative Session enacted R.S. 39:31. This law requires each state department to engage in the strategic planning process, produce a strategic plan, and submit it to the commissioner of administration and the appropriate legislative oversight committees by July 1, 1998. Program budgeting involves the development of missions, goals, objectives, and performance indicators. These factors are components of the strategic planning process.

Exhibit 1-1 shows how missions, goals, objectives, and performance indicators relate to each other. As can be seen in this exhibit, the mission is the base from which goals are derived. Objectives flow from the goals, and performance indicators flow from the objectives.

Exhibit 1-1

Major Components of the Strategic Planning Process



Source: Prepared by legislative auditor's staff using a similar diagram in *Manageware*.

Manageware defines these terms as follows:

- **Mission:** a broad, comprehensive statement of the organization's purpose. The mission identifies what the organization does and for whom it does it.
- **Goals:** the general end purposes toward which effort is directed. Goals show where the organization is going.

- **Objectives:** specific and measurable targets for accomplishment. Objectives include a degree or type of change and a timetable for accomplishment.
- **Performance Indicators:** the tools used to measure the performance of policies, programs, and plans.

Furthermore, *Manageware* categorizes performance indicators into five types:

1. **Input indicators** measure resource allocation and demand for services. Examples of input indicators are budget allocations and number of full-time equivalent employees.
2. **Output indicators** measure the amount of products or services provided or the number of customers served. Examples of output indicators include the number of students enrolled in an adult education course, the number of vaccinations given to children, and the number of miles of roads resurfaced.
3. **Outcome indicators** measure results and assess program impact and effectiveness. Examples of outcome indicators are the number of persons able to read and write after completing an adult education course and the change in the highway death rate. Outcome indicators are the most important performance measures because they show whether or not expected results are being achieved.
4. **Efficiency indicators** measure productivity and cost-effectiveness. They reflect the cost of providing services or achieving results. Examples of efficiency indicators include the cost per student enrolled in an adult education course, the bed occupancy rate at a hospital, and the average processing time for environmental permit applications.
5. **Quality indicators** measure effectiveness in meeting the expectations of customers, stakeholders, and other groups. Examples of quality indicators include the number of defect-free reports compared to the number of reports produced, the accreditation of institutions or programs, and the number of customer complaints filed.

Manageware also points out the benefits of program budgeting. According to *Manageware*, program budgeting streamlines the budget process. *Manageware* also says that program budgeting supports quality management by allowing managers more budgetary flexibility while maintaining accountability for the outcomes of programs. Since appropriations are made at the program level, program managers can more easily shift funds from one expenditure category to another to cover unanticipated needs, according to *Manageware*.

The need for accountability in government operations is gaining recognition both domestically and internationally. According to a recent report issued by the United States General Accounting Office, the federal government is currently implementing the Government Performance and Results Act of 1993. This act requires agencies to set goals, measure performance, and report on their accomplishments. The report also cites several states including Florida, Oregon, Minnesota, Texas, and Virginia and foreign governments such as Australia, Canada, New Zealand, and the United Kingdom that are also pursuing management reform initiatives and becoming more results-oriented.

In Louisiana, the 1996 general appropriation bill and resulting act included program descriptions for the first time. The 1997 general appropriation bill also includes key performance indicators. For fiscal year 1997-98, this information is presented for informational purposes only. However, in the future, it will serve as a starting point for the full implementation of performance based budgeting.

According to Act 1465 of the 1997 Regular Legislative Session, which amended and reenacted R.S. 39:87, key objectives and key performance indicators that are contained in the General Appropriations Act will be included in the agency's appropriation. In addition, each agency will be required to provide quarterly performance progress reports. The agency's appropriation will be issued conditioned upon the agency preparing and submitting these reports.

Executive Budget Is Basis for General Appropriations Act

Article VII, Section 11(A) of the Louisiana Constitution requires the governor to submit a budget estimate to the legislature that sets forth the state expenditures for the next fiscal year. This budget estimate, the executive budget[1], must include recommendations for appropriations from the state general fund, dedicated funds, and self-generated funds.

Act 1403 of the 1997 Regular Legislative Session amended and reenacted R.S. 39:36 to require the executive budget to be configured in a format that clearly presents and highlights the programs operated by state government. This statute also requires the executive budget to include:

(1) an outline of the agency's programmatic structure, which should include an itemization of all programs with a clear description of the key objective or objectives of each program;

(2) clearly defined indicators of the quantity and quality of performance of the key objective or objectives of each program and a listing of the key indicators of performance in achieving program objectives; and

(3) a description of the major programmatic and financial changes by program or budget unit for the ensuing fiscal year.

OPB develops the executive budget based on voluminous material contained in various documents prepared by the departments as part of their budget requests. The budget request packages are made up of six separate components, which are listed as follows. These packages contain both financial and program information.

1. **Operational plans** describe the various programs within state agencies. Act 1403, which also amended and reenacted other portions of Title 39, requires each budget unit to submit operational plans as a part of its budget request. Operational plans also report program missions, goals, objectives, and performance indicators. Operational plans are derived from long-range strategic plans. Operational plans tell what portions of strategic plans will be addressed during a given operational period.

[1] The governor also submits a capital outlay budget. However, the scope of this audit includes only the executive budget.

2. **Existing operating budgets** describe the initial operating budgets as adjusted for actions taken by the Joint Legislative Committee on the Budget, the Interim Emergency Board, the legislature, and/or the governor.

3. **Continuation budgets** describe the level of funding for each budget unit that reflects the resources necessary to carry on all existing programs and functions at the current level of service in the ensuing fiscal year. These budget components include any adjustments necessary due to the increased cost of services or materials as a result of inflation and increased workload requirements resulting from demographic or other changes. Continuation budgets contain program information.

4. **Technical/other adjustment packages** allow for the transfer of programs or functions from certain agencies or departments to other agencies or departments. However, total overall revenues and expenditures cannot be increased. The technical/other adjustment packages also contain program information.

5. **New or expanded service requests** are designed to provide information about the cost of new and/or expanded services that departments will provide. These service changes can come about as a result of regulation or procedural changes that are/were controlled by the agency or by the addition of services that were not previously provided. The new or expanded service requests also contain program information.

6. **Total request summaries** provide a cross-check of the total budget request document. These forms are designed to provide summaries of all the requested adjustments made to arrive at the total budget requests.

According to *Manageware,* the Sunset Review Budget Request forms must also accompany the total budget request. These forms list all activities that a budget unit has been directed to administer (through legislatively authorized programs and acts of the legislature) for which no implementing funds were appropriated in the existing operating budget. The Sunset Review Budget Request forms must be submitted to OPB, the Legislative Fiscal Office, and the Joint Legislative Committee on the Budget.

For the 1997-98 fiscal year, OPB prepared and published several volumes of the executive budget using the departments' budget request packages. In this executive budget, the financial information was presented along with the program information. The program information includes program descriptions, missions, goals, objectives, and performance indicators related to the services and products of each department resulting from spending state revenues.

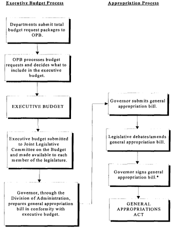
Act 1403 also amended and reenacted R.S. 39:36 to require OPB to prepare a document known as the supporting document. The supporting document must conform to the executive budget. It must also contain other detailed financial and programmatic information about the programs, budget units, and departments.

According to R.S. 39:37, the governor must submit the executive budget to the Joint Legislative Committee on the Budget. The governor must make a copy of the executive budget available to each member of the legislature. The constitution requires that the governor submit a general appropriation bill for proposed ordinary operating expenditures in conformity with the executive budget document that was submitted to the legislature.

The general appropriation bill moves through the legislature similar to any other bill. The Appropriations Committee in the House of Representatives initially hears the bill and then it moves to the Senate Finance Committee. Both the House and Senate may amend the bill. The bill is voted upon in its final form by the full membership of both chambers. OPB monitors any amendments the legislature makes to the bill.

After the general appropriation bill passes the legislature, it is forwarded to the governor. Once the governor signs the bill, it becomes law in the form of the General Appropriations Act. After the governor signs the bill, OPB reports to the state departments any amendments made by the legislature. The state constitution allows the governor to veto any line item in the appropriation bill. A veto can be overridden by a two-thirds vote of the legislature. Exhibit 1-2 on the following page illustrates the executive budget and appropriation processes.

Exhibit 1-2
Executive Budget and Appropriation Processes



*The governor has line-veto power.

Source: Prepared by legislative auditor's staff using state law, *Manageware*, and *House Legislative Services - State and Local Government in Louisiana: An Overview* (December 1995)

Scope and Methodology

Overview. This performance audit of DOR's program information was conducted under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. All performance audits are conducted in accordance with generally accepted government auditing standards as promulgated by the Comptroller General of the United States.

This section provides a summary of the methodology used in this audit. Based on planning meetings held by legislative audit staff, we formulated audit objectives that would address issues specific to the program information contained in the executive budget. The audit focused on the 1997-98 executive budget program information.

References Used. To familiarize ourselves with performance measurement, program budgeting, and accountability concepts, we reviewed various publications including the following:

- *Manageware* published by the Office of Planning and Budget (1991 and 1996 editions)
- *Research Report - Service Efforts and Accomplishments Reporting: Its Time Has Come, An Overview* published by the Governmental Accounting Standards Board (GASB) (1990)
- *Executive Guide: Effectively Implementing the Government Performance and Results Act* published by the U.S. General Accounting Office (June 1996)
- Various reports by the Canadian Comprehensive Auditing Foundation
- Reports from various states related to program budgeting and strategic planning

These publications are listed in detail in Appendix A. We also conducted interviews with personnel of the Urban Institute, the federal Office of Management and Budget (OMB), and GASB. These individuals represent both the theoretical and practical sides of current performance measurement and accountability efforts.

To gain an understanding of the state's budget process, we reviewed state laws regarding program budgeting. We also interviewed staff of OPB, House Appropriations Committee, and

DOR regarding DOR's programmatic structure. In addition, we discussed with OPB, DOR, and LTC staff their operational planning, strategic planning, and budget processes. We analyzed both the 1997-98 and 1998-99 DOR and LTC operational plans in comparison to OPB's guidelines. We also reviewed DOR and LTC's prior strategic plans and DOR's 1998 strategic plan draft in comparison to Manageware and Act 1465 of 1997.

Legal Basis for Missions and Goals. We searched state laws to determine whether there was legal authority for missions and goals of the department and its programs. We also reviewed applicable laws to determine legislative intent related to the creation of the department and the functions that the department and its programs are intended to perform. In addition, we reviewed and organized data obtained from the department on its structure, functions, and programs. We also interviewed key department personnel about these issues. We included within the scope of our detailed audit work all related boards, commissions, and like entities for which funding was recommended through a specific line item in the executive budget. We also prepared a listing, which is contained in Appendix B, of all related boards, commissions, and like entities we identified, regardless of whether funding was recommended through a specific line item.

Comparison of Performance Data to Criteria. We developed criteria against which to compare the department's missions, goals, objectives, and performance indicators as reported in the 1997-98 executive budget. To help develop these criteria, we gathered information from GASB, OMB, the Urban Institute, and *Manageware*. During our criteria development process, we obtained input from GASB. We also obtained concurrence from GASB on our final established criteria. We then compared the missions, goals, objectives, and performance indicators to the established criteria.

In addition, we evaluated the objectives and performance indicators to determine if they collectively provide useful information to decision-makers. When deficiencies or other problems were identified, we discussed them with appropriate personnel of the department and OPB. We did not assess the validity or reliability of the performance indicators.

Although other documents contain performance data on the department, we only compared the missions, goals, objectives, and performance indicators contained in the executive budget to the criteria. This decision was made because the executive budget is the culmination of OPB's review and refinement of the budget request components. It also represents the governor's official recommendation to the legislature for appropriations for the next fiscal year.

Finally, we performed a limited review of DOR's and LTC's performance data reported in the 1998-99 executive budget. The review of the 1998-99 data was conducted to note major changes that showed improvement. The scope of this audit did not include an analysis of the new information against the established criteria.

Potentially Overlapping, Duplicative, or Outmoded Areas. Finally, we reviewed the program descriptions and legal authority for the department's programs and related boards, commissions, and like entities to identify areas that appeared to be overlapping, duplicative, or outmoded. We defined these terms as follows:

- **Potentially Overlapping:** Programs, functions, or activities that appear to perform different activities or functions for the same or similar purposes
- **Potentially Duplicative:** Programs, functions, or activities that appear to conduct identical activities or functions for the same or similar purposes
- **Potentially Outmoded:** Programs, functions, or activities that appear to be outdated or are no longer needed

We did not conduct detailed audit work on the areas we identified as potentially overlapping, duplicative, or outmoded. We only identified them for further review at another time.

Areas for Further Study

During this audit, we identified the following areas that require further study:

- As previously mentioned, assessing the validity and reliability of performance indicators was not within the scope of this audit. However, because the legislature intends to include performance indicators in future appropriation bills and acts, validity and reliability become increasingly important. Consequently, in the future, the legislature may wish to direct a study of the validity and reliability of performance indicators included in appropriation bills.

- The programs, functions, and activities that appear to be potentially overlapping or outmoded should be assessed in more detail to determine whether they are truly overlapping or outmoded. Once these assessments are completed, the legislature may decide whether any of these programs, functions, or activities should be altered, expanded, or eliminated.

- The availability of management information systems that can readily integrate data from a variety of sources is essential to a successful program budgeting system. Capturing accurate and meaningful performance data is important, in part, because of the increased emphasis the legislature is placing on program information. Therefore, the capabilities of the department's management information system as related to program data should be addressed.

- R.S. 9:1581 requires the governor to appoint a public administrator for each parish with a population of 100,000 or more, according to the last census. Furthermore, R.S. 36:459 requires all public administrators appointed pursuant to R.S. 9:1581 to be under DOR. As of the last census in 1990, nine parishes had populations that exceeded 100,000. Two of these parishes have a public administrator included in DOR's Public Administrator Program. State law exempts the three parishes of Caddo, Calcasieu, and Ouachita from this requirement. Both DOR and OPB officials agree that the legislature may wish to study how the other four parishes of East Baton Rouge, Lafayette, Rapides, and St. Tammany administer vacant successions and to determine if the state is receiving the funds, as provided in state law. See page 30 for additional information.

- Through two cooperative endeavor agreements, DOR dedicates state sales tax for economic development in the Monroe area. R.S. 33:9029.2 allows such agreements between the state and other entities, which may include political subdivisions, to enhance economic development. According to a DOR official, these two agreements were submitted before amendments to R.S. 33:9033, which precludes the use of state sales tax for such purposes. A DOR official also stated that as a result of these agreements, DOR staff uses a manual process, which is very complex and time-consuming, to extract the state sales tax increment for the Monroe area. The legislature may wish to examine this issue further to determine if there are more efficient ways for DOR to carry out these agreements.

- Although LTC is included as a budget unit within the department, it operates as a separate entity from DOR. Little communication or resources are shared between the two entities. Some other states' property tax functions are incorporated into their revenue departments. This allows them to pool their resources. The legislature may wish to examine the benefit of placing LTC more closely within DOR to take advantage of DOR's resources, especially its electronic data processing systems. This may assist LTC in implementing a system that ensures uniformity of tax assessments throughout all parishes of the state. Alternatively, the legislature may wish to consider making it more independent by taking it out from under the department. See pages 30-31 for additional information.

- DOR provides accounting services to the Louisiana Tax Free Shopping Program (LTFSP). These services are financed through the Office of Revenue's appropriation. However, according to DOR officials, the program does not provide any recompense to the department for these services. However, DOR deposits fees to the general fund for its costs incurred for collecting revenues for other governmental entities. Staff from the House Appropriations Committee, OPB, and DOR agree a fee charged to the commission would be an appropriate method for the department to recover its costs. The legislature may wish to conduct additional study to determine if DOR should charge the LTFSP a fee to recover its costs. See pages 64 through 65 for additional information.

Report Organization

The remainder of this report is divided into the following chapters and appendixes:

- **Chapter 2** describes the Department of Revenue's purpose, funding, and organization. This chapter also analyzes key elements relating to budget development, such as the programmatic structure, operational planning, and strategic planning.
- **Chapter 3** compares the missions and goals of the department as reported in the 1997-98 executive budget to their legal authority. In addition, this chapter discusses programs, functions, and activities within the department that appear to be overlapping, duplicative, or outmoded, if any came to our attention.
- **Chapter 4** gives the results of our comparison of the department's missions, goals, objectives, and performance indicators as reported in the 1997-98 executive budget to established criteria. In addition, this chapter discusses whether the objectives and performance indicators collectively provide useful information for decision-making purposes.
- **Appendix A** is a list of publications used for this audit.
- **Appendix B** is a listing of related boards, commissions, and like entities that we identified.
- **Appendix C** is a listing of the legal authority for each type of state and other revenues that DOR collected for the fiscal year 1996-97.
- **Appendix D** is a listing of DOR's missions, goals, objectives, and performance indicators shown in the 1997-98 executive budget. Appendix D also summarizes the results of our assessment of the performance data for each of DOR's programs.
- **Appendix E** is the Department of Revenue's response to this report.
- **Appendix F** is the Louisiana Tax Commission's response to this report.

Chapter 2: Department Overview

Chapter Conclusions

DOR is to assess, evaluate, and collect state and local revenue sources assigned to it by law. It also has general authority for enforcing the alcohol and tobacco control laws through the Office of Alcohol and Tobacco Control. In addition, the Louisiana Tax Commission (LTC) is placed within DOR. LTC is responsible for performing oversight and valuation of local property tax assessments.

For fiscal year 1996-1997, the department collected various types of revenue for the state and other governmental entities. *Total net collections were over $5 billion. For fiscal year 1998,* the legislature appropriated to the department an operating budget of approximately $66 million and authorized over 1,000 positions.

For budgetary purposes, the department is composed of four programs within two budget units, the Office of Revenue and LTC. There are three programs within the Office of Revenue and one program within LTC.

DOR's operational plans for 1997-98 and 1998-99 do not provide OPB with complete information and performance data on the activities of statutorily created offices within the Tax Collection Program. In addition, procedures for developing the operational plan do not include an independent review of the performance data. If performance data are not consistently reviewed and reported in the operational plan, OPB may not be able to use the plan as an effective basis for the development of the executive budget.

DOR and LTC have been proactive with their planning efforts by developing strategic plans before the passage of Act 1465 of 1997. According to OPB officials, they are working with DOR and LTC to further refine the strategic plans to meet the requirements of Act 1465 and *Manageware's* guidelines. As a result, DOR and LTC have a good base for internal and operational planning.

Background

Purpose. R.S. 36:451(B) directs DOR to assess, evaluate, and collect the consumer, producer, and any other state taxes specifically assigned to the department by law. The purpose has evolved since 1907, when the legislature created the office of Special Agent to the Auditor to perform accounting and audit functions for the state and local government. It was not until 1936, however, that a constitutional amendment created DOR as the state's tax collection agency.

According to DOR's 54th Annual Report 1996-97, the department collected over $5 billion in taxes for that year. The majority of these taxes generated revenues for the state. Exhibit 2-1 below shows DOR's total net collections for the past six fiscal years. DOR's total net collections have risen at an average rate of 4.7% annually for the past five years. See Appendix C for a listing of taxes collected by DOR.

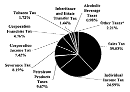
Exhibit 2-1
Total Net Collections by DOR

Fiscal Year	Total Net Collections	% Change
1996-97	$5,123,716,242	6.00
1995-96	4,833,582,722	5.72
1994-95	4,572,081,940	6.65
1993-94	4,286,886,174	1.76
1992-93	4,212,883,346	3.48
1991-92	4,071,250,470	N/A

Source: Prepared by legislative auditor's staff using DOR's 54th Annual Report 1996-97 and DOR's 53rd Annual Report 1995-96.

Nine types of revenue sources account for almost 98% of DOR's collections for fiscal year 1996-1997, as shown in Exhibit 2-2 on the following page.

Exhibit 2-2
Collections of Major Revenue Sources for Fiscal Year 1996-97



* Other taxes include, but are not limited to, fiduciary income; hazardous waste disposal; and natural gas franchise taxes.

Source: Prepared by legislative auditor's staff using DOR's 54th Annual Report 1996-97.

Funding and Expenditures. DOR's operations are funded through legislative appropriations mainly from the state general fund, self-generated revenues, and fees. The legislature appropriated almost $66 million for DOR operations for fiscal year 1998. DOR's operations cost for fiscal year 1997 was over $57 million and it requested $63 million for fiscal year 1998.

Exhibit 2-3 on the following page presents a summary of DOR funding information by program. The exhibit includes each program's recommended allocation of authorized funding from the executive budget. It also includes each program's appropriation from the general appropriations act for fiscal year 1998. For comparison purposes, each program's actual expenditures are included for the fiscal year 1996-97.

Exhibit 2-3
Actual Expenditures and Allocation of DOR's Authorized Funding to Programs

Budget Unit/Program	Actual Expenditures for Fiscal Year 1997	Executive Budget Request for Fiscal Year 1998	Final Appropriated for Fiscal Year 1998*
Office of Revenue			
Tax Collection Program	$53,535,000	$58,681,453	$61,326,353
Public Administrators Program	**32,000	44,356	44,356
Alcoholic Beverage Control Program	1,919,000	2,216,429	2,246,429
Budget Unit Total	**$55,486,000**	**$60,942,238**	**$63,617,138**
Louisiana Tax Commission			
Property Taxation Regulatory/Oversight Program	$2,002,000	$2,143,755	$2,139,697
Budget Unit Total	**$2,002,000**	**$2,143,755**	**$2,139,697**
Grand Total	**$57,488,000**	**$63,085,993**	**$65,756,835**

* Act 18 of the 1997 Regular Session also included an additional $1,059,648 contingent on the approval of two bills concerning unclaimed property and dealers of tobacco products. DOR received the funds through a BA-7 approved on July 30, 1997.

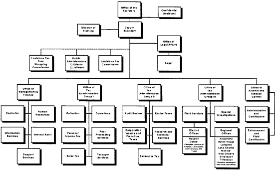
** According to department officials, this amount from the Supplemental Information to the Comprehensive Annual Financial Report for the year ended June 30, 1997, varies from the department's annual financial report for year ended June 30, 1997, which reports actual expenditures of $38,755 for the Public Administrators Program.

Source: Prepared by legislative auditor's staff using the state's Supplemental Information to the Comprehensive Annual Financial Report for the year ended June 30, 1997, for actual expenditures; the Executive Budget Summary for fiscal year 1998 for requested expenditures; Act 18 of the 1997 Regular Session (i.e., General Appropriations Act) and the department's appropriation letters for final appropriated expenditures; and the BA-7 approved on July 30, 1997, for footnoted information.

Organization. An overview of DOR's organizational and regional office structure is presented in Exhibit 2-4 (page 25) and Exhibit 2-5 (page 26). According to exhibit 2-4, DOR is composed of seven offices, two public administrators, and two commissions. Within one of the seven offices are eight regional offices located throughout the state, as shown in Exhibit 2-5. The regional offices provide taxpayers with a full-service state tax office in their area.

Exhibit 2-4 also shows the regional and two district offices, which are located in Texas. The district offices provide a state tax audit program for taxpayers located outside Louisiana. In addition, to extend audit coverage DOR houses auditors in Illinois, Oklahoma, Georgia, California, and New York. These auditors report to either a district office or regional office.

Exhibit 2-4
Louisiana DOR Organization Chart

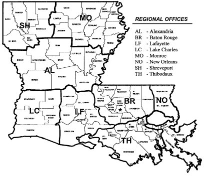


Source: Prepared by legislative auditor's staff from information provided by DOR in October 1998.

Exhibit 2-5
REGIONAL OFFICES

Louisiana

Department of Revenue



Source: Prepared by legislative auditor's staff using information obtained from Louisiana Department of Revenue, Field Services Division, March 1998.

R.S. 36:459 also places within DOR the public administrators and the Office of Alcoholic Beverage Control[1]. As shown in Exhibit 2-4, this statute also places within DOR two commissions, LTC and the Louisiana Tax Free Shopping Commission. As described further in the next section, there are also other boards, commissions, and like entities that relate to DOR functions, but are not part of DOR's organization.

Department of Revenue's Organizational Structure

DOR's organizational structure shown in Exhibit 2-4 is based on several statutory reorganizations and changes made since the department's inception in 1936. For example, the 1977 executive branch reorganization created five offices within DOR and transferred all parish public administrators to the department. In the 1980s, legislation was passed that moved LTC and the Louisiana Tax Free Shopping Program to the department. Finally, in 1995, the Office of Alcoholic Beverage Control was transferred to DOR from the Department of Public Safety and Corrections, Public Safety Services.

For budgeting purposes, DOR consists of two budget units: the Office of Revenue and the Louisiana Tax Commission as shown on Exhibit 2-6 on the following page. According to *Manageware*, a budget unit is a major organizational level with spending authority that administers one or more executive budget programs.

Included within each budget unit are various programs that reflect the basic services and functions of the department. For example, Exhibit 2-6 on the following page also shows that the Tax Collection Program, within the Office of Revenue, contains six statutorily created offices, which are lumped into the Tax Collection Program for funding purposes. In addition, the Office of Revenue has three programs and the LTC has one program.

[1] The Office of Alcoholic Beverage Control was renamed the Office of Alcohol and Tobacco Control by Act 1370 of 1997. For purposes of this report, we will refer to the program as the Alcoholic Beverage Control Program as shown in the 1997-98 executive budget that was published before the name change.

Exhibit 2-6
Structure of DOR in 1997-98 Executive Budget and Statutorily Created Offices

Office of Revenue (Budget Unit 12-440)

Program A: Tax Collection
*Executive Office of the Secretary**
*Office of Management and Finance**
*Office of Tax Administration, Group I**
*Office of Tax Administration, Group II**
*Office of Tax Administration, Group III**
*Office of Legal Affairs***

Program B: Public Administrators

Program C: Alcoholic Beverage Control
*Office of Alcoholic Beverage Control**

Louisiana Tax Commission (Budget Unit 12-441)

Program A: Property Taxation Regulatory/Oversight

* Created by R.S. 36:451(C)
** Added by Act 283 of 1997 Regular Session
Source: Prepared by legislative auditor's staff using information from the 1997-98 executive budget, department data, and state statutes.

According to the General Appropriations Act of 1997, the department's authorized positions total over 1,000 positions. The budget units, programs, authorized positions, and target clients or customers are shown in Exhibit 2-7 on the following page. A description of the activities that each budget unit and program provides is described below and after Exhibit 2-7. According to *Manageware,* activities are program components representing distinct subsets of functions or services.

Office of Revenue

According to the 1997-98 executive budget, the Office of Revenue provides fair and equitable administration of the state's tax laws through three programs: Tax Collection, Public Administrators, and Alcoholic Beverage Control.

Tax Collection Program

The Tax Collection Program performs various functions and responsibilities through numerous offices, as provided in state law. The Office of Secretary determines the policies of DOR. It also performs the duties of administration, control, and operation of the functions, programs, and affairs of the department.

Exhibit 2-7
Offices, Programs, Authorized Positions, and Clients Served - Department of Revenue

Office/Program	Number of Authorized Positions	Target Clients or Customers
Office of Revenue (12-440)		
Tax Collection	943	Louisiana taxpayers, taxpayer representatives such as accountants, CPAs, and attorneys, and other government agencies
Public Administrators *(Orleans and Jefferson Parishes)*	2	Deceased persons with no surviving spouse or heir, the estate of deceased persons, and the State of Louisiana
Alcoholic Beverage Control	47	Louisiana citizens, dealers of alcoholic beverages and tobacco, underage persons, and other government agencies
Office Totals	**992**	
Louisiana Tax Commission (12-441)		
Property Taxation Regulatory/Oversight	36	Louisiana taxpayers, property tax assessors, insurance and financial institutions, public services companies, and tax recipient bodies
Office Totals	**36**	
Department Totals	**1,028**	

Source: Prepared by legislative auditor's staff using 1997 General Appropriations Act, the department's appropriation letters, state law, the 1997-98 executive budget, and information obtained from DOR.

The Office of Management and Finance provides accounting and budget control, procurement and contract management, and data processing. It also conducts management and program analysis, personnel management, and grants management for DOR and all of its offices, according to state law.

The statutory offices of Tax Administration, Group I, Group II, and Group III, perform the functions relating to the administration and collection of state taxes. R.S. 36:458 also assigns to each group specific activities relating to the administration and collection of state taxes.

The legislature recently established the Office of Legal Affairs in 1997. According to state law, this office provides legal consultation and representation for DOR in tax litigation and bankruptcy matters before the state and federal courts and the Board of Tax Appeals.

Public Administrators Program (Orleans and Jefferson Parishes)

According to the 1997-98 executive budget, public administrators bury the decedent, marshal and account for the decedent's assets, and pay the decedent's debts and outstanding taxes due. In addition, the public administrators are to conduct a search for potential heirs. Ultimately, funds are returned to the heirs or transferred to the state treasurer.

State law provides for the governor to appoint public administrators for each parish of the state having a population of 100,000 or more. Furthermore, state law requires all appointed public administrators to be under DOR. However, as discussed on page 16 of Chapter 1, additional study may be needed to determine how four parishes that have populations in excess of 100,000 and do not have public administrators under DOR administer vacant successions. In addition, additional study may be required to determine if the unclaimed funds for these four parishes are remitted to the state treasury, as required by state law. The four parishes include East Baton Rouge, Lafayette, Rapides, and St. Tammany.

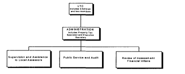
Alcoholic Beverage Control Program

R.S. 36:451(B) gives DOR general authority for alcoholic beverage control. Through the Office of Alcoholic Beverage Control within DOR, the Alcoholic Beverage Control Program administers the laws relating to the regulation of the sale of alcoholic beverages in the state. These functions include the issuance and renewal of permits related to the sale of alcoholic beverages. In addition, the program works with law enforcement officials to close bars where drug trafficking occurs. The program also works in conjunction with local law enforcement officials and the Department of Health and Hospitals to comply with the "Prevention of Youth Access to Tobacco Law," according to the 1997-98 executive budget.

Louisiana Tax Commission

LTC was placed within DOR in 1981. However, it functions as a separate budget unit from the Office of Revenue. According to department officials, LTC is responsible for its own planning and budgeting. There is little interaction between the two entities, according to agency officials. As discussed on page 17 of Chapter 1, additional study may be needed to examine the benefit of placing LTC more closely within DOR to take advantage of DOR's resources or to make it more independent by taking it out from under the department. An overview of LTC's organization is presented in Exhibit 2-8 below.

Exhibit 2-8
Louisiana Tax Commission Organization Chart



Source: Prepared by legislative auditor's staff from an organization chart provided by LTC in April 1998.

LTC's duties are carried out through the Property Taxation Regulatory/Oversight Program. These duties include the administration and enforcement of all laws related to state supervision of local property tax assessments and the assessment of public service properties. In addition, LTC is responsible for the formulation and implementation of a uniform system of tax assessments throughout all parishes of the state, according to the executive budget. Finally, state law requires LTC to research other states' and countries' tax systems to formulate and recommend legislation to prevent evasion of assessment and ensure equal taxation.

Boards, Commissions, and Like Entities

As mentioned in the previous section, there are 19 boards, commissions, and like entities that relate to DOR and its functions, but are not part of the department's budget. We grouped these entities into four categories:

- Placed within DOR by statute
- Include DOR as a member
- Relate to taxes that DOR collects and administers
- Relate to ad valorem taxes that LTC supervises

Exhibit 2-9, shown below, lists these entities. See Appendix B that includes the purposes and legal authority of these 19 entities.

Exhibit 2-9
Boards, Commissions, and Like Entities

Placed within DOR by Statute
Louisiana Tax Free Shopping Commission *
Include DOR as a Member
Louisiana Advisory Commission on Intergovernmental Relations
Louisiana Data Base Commission
Louisiana Gaming Control Board
Louisiana Motor Carrier Advisory Committee
Louisiana Real Estate Investment Trust Association
Relate to Taxes That DOR Collects and Administers
Beauregard Parish Community Improvement Board
Board of Tax Appeals
Ernest N. Morial - New Orleans Exhibition Authority, Board of Commissioners
Louisiana Association of Tax Administrators
Louisiana Recovery District, Board of Directors**
Louisiana Stadium and Exposition District, Board of Commissioners
Sales and Use Tax Commission
Vernon Parish Community Improvement Board
Winnfield Museum Board
Relate to Ad Valorem Taxes That LTC Supervises
Assessors' Certification Program Committee
Board of Assessors for Orleans Parish
Louisiana Assessors' Association
Parish Board of Reviewers

* See Chapter 4 for more information relating to this entity.

** This board ceased to exist as of September 30, 1996, when all bonds were retired.

Source: Prepared by legislative auditor's staff using information from Appendix B.

Operational Plan Needs Improvement

The department's 1997-98 and 1998-99 operational plans do not list activities of statutorily created offices within the Office of Revenue's Tax Collection Program. In addition, DOR does not report performance data for these offices and related activities in its operational plans. As a result, OPB may not be able to use the department's operational plans as an effective basis for the development of the executive budget.

Operational Plans Not Fully Developed in Accordance With OPB Requirements

As mentioned previously, the Tax Collection Program is comprised of the Office of the Secretary as well as the offices of Management and Finance, Legal Affairs, and Tax Administration (Group I, II, and III). However, DOR's operational plans do not list program activities or report performance data for these statutorily created offices. As a result, the legislature may not obtain a complete description of the activities or performance relating to the processing of various taxes within these offices, which are included as part of the Tax Collection Program, for budgetary purposes.

The legislature enacted Acts 1403 and 1465 in 1997 that require operational plans to include a detailed plan of operations. In addition, OPB provides each budget unit with specific instructions for preparing the operational plan. These instructions state that including program activities will enable a department to develop objectives that are linked to those activities. Accordingly, as objectives are established a balanced set of performance indicators can then be developed for each objective.

A properly developed operational plan is important because it is one way to provide accountability for program performance. The intent of the operational plan is to provide information on the performance of all program components, so that OPB can use that information to develop the executive budget. If done correctly, the legislature will receive an executive budget with complete and accurate information, which includes performance data.

According to a department official, the tax program is made up of statutorily created offices that work in conjunction to perform activities relating to the collection of taxes for Louisiana. As a result, this makes it somewhat difficult to develop performance data for each of the statutorily created offices. However, he agreed that it would be beneficial for the department to develop performance data to show how effectively the offices work together to collect various taxes for Louisiana.

Operational Plan Not Reviewed in Detail

No Detailed Review of Operational Plan Submitted to OPB

DOR's procedures for developing the operational plan do not include an independent detailed review of the performance data. DOR officials review the operational plan for reasonableness only. Although the review of the data contained in the department's operational plan is not traditionally a function of DOR's Internal Audit Division, it may fall under the realm of their responsibilities. Without a sufficient review of the operational plan performance data, the legislature could be basing decisions on performance data that are not valid or reliable.

According to DOR officials, each division submits its performance data for the operational plan to the Research and Technical Services Division (RATS) for compilation. At that point, the operational plan is submitted to the various statutorily created offices and the Controller's Division for review. According to the controller, he gives the numbers in the operational plan a cursory review for reasonableness and to make sure that all the key indicators are there and accounted for in the appropriations bill.

According to DOR officials, since the computer system generates the majority of the data, they rely on the system's controls to ensure the accuracy of the performance data. However, there are no formal, systematic procedures to assure the computer-generated values are correct, as reflected in the operational plan.

According to OPB's operational plan instructions, it is essential that the operational plan's performance indicators and other data possess several attributes including accuracy, consistency, and verifiability. In addition, the OPB planning analyst stated not only should the numbers be adjusted but also the objectives and performance indicators should be carefully reviewed and updated to include new activities and strategies.

One division that could be responsible for checking the validity of the information contained in the operational plan is the department's Internal Audit Division. This division's responsibilities include performing internal audits of all departmental functions to ensure the reliability and integrity of data. A formal, systematic review of the department's operational plan has not been within the scope of the Internal Audit Division's projects.

In February 1998, a Legislative Auditor's Financial and Compliance Audit includes a finding that the Internal Audit Division's projects do not ensure that proper internal control procedures are established and operating to prevent or detect errors. DOR officials responded that the department recognizes that it does not currently have adequate resources to accomplish all of its internal audit objectives, which could include reviewing the department's operational plan.

Overall, the lack of adequate procedures to review DOR's operational plan could cause the legislature to make decisions based on invalid data. This is because there are no assurances that complete and accurate information is given to OPB for use in the executive budget.

Strategic Plans Refined

Earlier Strategic Plans Refined to Meet Current Requirements

DOR and LTC have been proactive with their planning efforts by developing strategic plans before Act 1465, which was passed in 1997. In addition, both the department and the commission are in the process of refining their earlier strategic plans to comply with *Manageware* and Act 1465. As a result, DOR and LTC have a good base from which to conduct future planning for internal and budgetary purposes.

In 1997, the legislature enacted Act 1465, which requires each state department to submit a five-year strategic plan by July 1, 1998. The act also requires each agency to use the plan to develop its annual operational plan. In addition to the strategic plan elements shown in *Manageware*, Act 1465 also includes additional requirements, such as the identification of principal clients and users of each program and the specific service or benefit derived by principal clients and users.

In late 1997, DOR began to update its strategic plan to comply with Act 1465. In March 1998, DOR presented a draft of its strategic plan for our review. The plan draft did not include all of the act's additional requirements, mentioned previously. However, we discussed these deficiencies with DOR in May 1998, and it made several changes based on our feedback. According to OPB officials, the department subsequently submitted a plan in July 1998 that met most of the requirements. Currently, DOR is working with OPB to refine its strategic plan to comply with the requirements of Act 1465 and *Manageware*.

Like the department, LTC updated an earlier strategic plan to comply with the additional requirements of Act 1465. In June 1998, LTC submitted its strategic plan to OPB in accordance with Act 1465. However, according to OPB officials, the plan did not meet Act 1465 criteria. In July 1998, LTC revised the plan and resubmitted it to OPB. According to OPB, the commission's revised strategic plan meets most of the requirements of the act and *Manageware*, but still needs refinement in some areas. Currently, OPB and LTC officials are working together to continually refine the plan to comply with the requirements of Act 1465 and *Manageware*.

Recommendations

2.1 DOR and LTC should revise their procedures and methods to develop their operational plans in accordance with all of OPB's instructions. Particularly, the program description for the Tax Collection Program should include a detailed plan of operations that includes the performance of all statutorily created offices.

2.2 DOR should establish an internal review process to verify and validate the performance data used in operational plans submitted to OPB. DOR's Internal Audit Division could possibly validate operational plans and performance data before submission to OPB.

2.3 As OPB recommends, DOR and LTC should continue improving their strategic plans to comply with Act 1465 of 1997 requirements. The improved strategic plans should be used to prepare the operational plan and to allocate resources.

Chapter 3: Analysis of Program Authority

Chapter Conclusions

All the missions and goals reported for the department in the 1997-98 executive budget are generally consistent with state laws. However, one of the four programs did not have missions and goals reported in the executive budget. In addition, legal citations in the executive budget for program authorization are not always accurate, specific, and complete. Therefore, users of the executive budget cannot place total reliance on the accuracy of the budget document's programs' authorization.

The field audit, unclaimed funds, forms management, and training functions within DOR met our criteria for potential overlap. However, there is some coordination within these areas, which may help to prevent overlap. Without continued or improved coordination within these areas, DOR's programs, functions, and activities may not be efficiently and effectively operated.

State law requires agencies to report to the legislature unfunded activities. However, DOR and LTC have not completely reviewed and reported these conditions. We found 51 of the department's authorized activities were outmoded or not implemented. In addition, 8 superseded statutes of currently funded activities may need to be repealed. However, during the 1998 Regular Session, the legislature repealed 22 of the 51 activities. If the remaining 29 activities are outmoded, maintaining their statutory structures may cause confusion for department officials and legislators making decisions on program funding or service delivery. In addition, the eight superseded statutes of currently funded activities may need to be repealed to prevent confusion.

Program Missions and Goals Consistent With State Law

Program Missions and Goals in the 1997-98 Executive Budget Are Consistent With Legislative Intent

The two missions and two goals reported in the 1997-98 executive budget are consistent with state law. As a result, users of the executive budget can be assured that the operations of the Tax Collection Program, Alcoholic Beverage Control Program, and the Louisiana Tax Commission as defined by reported missions and goals are authorized by and grounded in law.

One of DOR's four programs, the Tax Collection Program, reported a mission and a goal in the 1997-98 executive budget. In addition, the Alcoholic Beverage Control Program reported a mission, but not a goal. The Louisiana Tax Commission reported a goal, but not a mission at the budget unit level. The reported missions and goals are consistent with legislative intent, as shown in Exhibit 3-1 on the following two pages.

As discussed in Chapter 4, the Public Administrators Program does not have either a mission or a goal included in the 1997-98 budget document. Therefore, users of the executive budget may not have complete information to understand the purpose and clients of this program or what the program is intended to accomplish.

Exhibit 3-1
Legal Basis for Programs - Department of Revenue

Program	Mission and Goal (from the 1997-98 Executive Budget)	Legal Authority	Created or Authorized to:
Tax Collection Program	*Mission:* To serve the citizens of Louisiana by efficiently collecting the state's tax revenue in a manner that will generate the highest degree of public confidence in the department's integrity and fairness.	R.S. 36:451(B)	". . . through its offices and officers, shall be responsible for assessing, evaluating, and collecting the consumer, producer, and any other state taxes specifically assigned by law to the department . . ."
		R.S. 36:454(B)(1)(a)(iii)	". . . necessary for the efficient administration of the department and its programs."
	Goal: Includes the achievement of the highest degree of voluntary compliance; an effective, efficient, and modern department; and customer-driven service.	Louisiana Constitution of 1921, Art. X, Sec. 1 continued as statute by the Louisiana Constitution of 1974 Art. XIV, Sec. 16(A)(7)	". . . and all taxes shall be uniform upon the same class of subjects throughout the territorial limits of the authority levying the tax, and shall be levied and collected for public purposes only."
		R.S. 47:1502	"The collector shall collect and enforce the collection of all taxes, penalties, interest, and other charges that may be due . . ."
		R.S. 36:454(A)(1)	"Represent the public interest . . ."
Alcoholic Beverage Control Program	*Mission*: To issue permits, enforce the laws and promulgate and enforce rules relating to alcoholic beverages in a manner that will promote the responsible use of beverage alcohol and provide the greatest possible protection of the health and safety of the citizens of Louisiana, while also assuring the soundness of an industry that contributes significantly to the economy of the state. *Goal*: None stated in executive budget.	R.S. 36:458(E)	". . . shall perform . . . the functions of the state relating to the regulation of the sale of alcoholic beverages in the state, including certification of persons eligible for the issuance and renewal of permits required by law for persons engaging in the business of dealing in beverages of high or low alcoholic content, and the administration of the law relating to alcoholic beverages and their sale."

Exhibit 3-1
Legal Basis for Programs - Department of Revenue

Program	Mission and Goal (from the 1997-98 Executive Budget)	Legal Authority	Created or Authorized to:
Louisiana Tax Commission (Budget Unit Level)	Mission: None stated in the executive budget.		
	Goal: To assure a fair and equitable distribution of the tax burden among Louisiana property owners by the establishment of statewide uniformity of assessment values of property subject to ad valorem taxation.	R.S. 47:1837(B)(1)	". . . shall measure the level of appraisals or assessments and the degree of uniformity of assessments for each major class and type of property in each parish throughout the state."
		R.S. 47:1836	". . . shall also investigate the tax systems of other states and countries and formulate and recommend such legislation . . . to prevent evasion of assessment and secure just and equal taxation."

Source: Prepared by legislative auditor's staff using the fiscal year 1997-98 executive budget and applicable legal provisions.

Executive Budget's Programs' Authorization Needs Revision

Legal Citations in the Executive Budget Not Always Accurate and Complete

Although three of the four programs' legal authorizations shown in the 1997-98 executive budget are generally accurate, the authorizations are not always complete. In addition, one of the four programs' legal citations is inaccurate. Users of the executive budget may be misdirected by this incomplete and inaccurate information.

The executive budget shows the legal authorization for each program. Through *Manageware* and the operational plan instructions, OPB instructs the departments to cite each program's primary constitutional and statutory references in their operational plans. These citations also include applicable executive orders, administrative code provisions, federal laws, or court orders.

The executive budget contains inaccurate, broad, or incomplete legal citations for the four DOR programs as follows:

- Tax Collection Program's legal authorization in the executive budget inaccurately cites program authorization as Title 49, Chapter 1 of the La. [*sic*] Revised Statutes. However, these provisions do not relate specifically to DOR. Rather, Chapter 9 of Title 49 (R.S. 49:651 and 49:652) relates to DOR. In addition, the legislature also established DOR's legal authority as R.S. 36:451 *et seq.*

- Public Administrators Program's authorization in the executive budget is accurate but not complete. It specifies R.S. 9:1581 as the legal authorization. Yet, it does not include R.S. 9:1582-1590, R.S. 9:1551-9:1552, and R.S. 36:459. R.S. 36:459(B) transfers this office to DOR and references all these applicable provisions.

- Alcoholic Beverage Control Program's legal authorization in the executive budget accurately cites all of Title 26 as well as Act 1188 of 1995. However, it does not include specific citations pertaining to the Office of Alcoholic Beverage Control, such as R.S. 26:791-26:800, R.S. 36:458(E), and R.S. 36:459. R.S. 36:459(F) transfers this office to DOR, as provided in Act 1188 of 1995.

- LTC's Property Taxation Regulatory/Oversight Program's authorization shown in the budget document is not completely accurate and specific. It accurately references to the Louisiana Constitution of 1974, Art. 7, Sec. 18. However, the citation to R.S. 47:1701 *et seq.* revealed that R.S. 47:1701 was repealed in 1972 and the rest of this section relates to the annual levy of ad valorem taxes. The executive budget also does not include the specific authorization for LTC in R.S. 47:1831-47:1838 and the transfer to DOR in R.S. 36:459(D).

In the 1998-99 executive budget, the programs' authorization did not change from that reported in the 1997-98 executive budget for the Tax Collection Program and the Property Taxation Regulatory/Oversight Program. In addition, the 1998-99 executive budget did not include a program authorization for the

Public Administrators Program and the Alcohol and Tobacco Control Program. Reporting inaccurate and incomplete legal citations may mislead users of the executive budget.

Recommendation

3.1 OPB, DOR, and LTC should work together to ensure that all program authorizations in the executive budget and the operational plan contain accurate and complete legal citations.

Coordination of Department of Revenue's Activities

Areas for Continued Coordination Identified

We identified four areas that met our criteria for potential overlap. Although the department believes overlap does not exist within these areas, we discuss them in our report. We believe the department should continue to focus on the coordination of various activities within these areas to ensure that overlap does not occur. Without coordination within these areas, DOR might be less responsive to its customers and may unnecessarily increase costs.

As mentioned in Chapter 1, we identified these areas to serve as a basis for further review by DOR and others. However, we did not conduct individual performance audits to determine whether or not overlap is actually occurring. We define overlap as programs, functions, or activities that appear to perform different activities or functions for the same or similar purposes.

To identify potential overlap, we used several sources that describe DOR's programs, functions, and activities as follows:

- Purposes outlined in statutes
- Program descriptions shown in the 1997-98 executive budget
- Department profile in DOR's 53rd Annual Report 1995-96
- Tax division activities described in letters we requested from the department

Finally, we reviewed with department officials several areas where we believe continued or improved coordination is necessary to prevent overlap in the future.

Some Divisions Within the Tax Collection Program Should Continue or Improve Coordination With Other Divisions and Programs

We identified four functions where the department should continue to coordinate or improve coordination to ensure there is no overlap. Those functions are field audits, unclaimed funds, and the administrative functions of forms management and training. It is reasonable to expect some type of relationship among programs and functions within the same department. However, if overlap exists, state revenue officials may be using more resources than necessary to provide and coordinate related services. In addition, the department may not be able to adequately respond to customer needs.

Field Audits. According to departmental information, all of the following Tax Collection Program divisions perform field audit functions. As described below, all three divisions conduct audits relating to severance and excise taxes. Based on information provided by the department, there appears to be adequate coordination of the various types of severance and excise audits conducted by each of the three divisions. However, there could be a potential for overlap if these divisions do not continue to coordinate these audits.

- Excise Tax Division's audit unit conducts field audits throughout the state of select accounts for gasoline and special fuels taxes, tobacco taxes, and International Fuel Tax Agreement.
- Severance Tax Division's special audit section performs selected field audits on timber, sand, and gravel industries within the state.
- Field Services Division's audit program conducts audits of major taxes, primarily out-of-state, including severance taxes on oil and gas, as well as the natural gas franchise tax (administered by the Severance Tax Division). It also audits the transportation and communication utilities tax, inspection and supervision tax, and hazardous waste tax (administered by the Excise Tax Division).

Although the Field Services Division performs audits related to certain excise and severance taxes, DOR officials said there is no overlap between it and the Excise and Severance Tax divisions. They stated that the two tax divisions (severance and excise) audit different types of severance and excise taxes than those audited by the Field Services Division. In addition, according to departmental information, both the tax divisions perform audits in-state and have fewer accounts to audit, which helps to maintain an enforcement presence. Officials contend that the enforcement presence increases voluntary compliance and tax remittance.

Based on these and other agency comments, we agree that the audits conducted by the Severance and Excise Tax divisions are generally different from those conducted by the Field Services Division. However, we also believe that because all three divisions perform severance and excise tax audits, it is essential that DOR continuously coordinate these audit activities. In addition, we believe it is important for DOR to consider potential consolidation of these activities, so that all excise and severance tax audits are planned and conducted as efficiently as possible to ensure accurate and timely tax assessments.

Unclaimed Funds. Both the Personal Income Tax Division within the Tax Collection Program and the Public Administrators Program perform functions relating to the reversion of unclaimed funds to the state. Currently, there is little coordination between these two programs.

According to departmental information, the Personal Income Tax Division's Unclaimed Property Section administers the unclaimed property law. This section deposits unclaimed funds to the state treasury and maintains related owner information for claims by the rightful owner. However, state laws provide that until a claim is made, the unclaimed property reverts to the state. Likewise, one purpose of the Public Administrators Program is to assert the state's interest in estates that revert to the state as vacant successions.

A DOR official told us he has made inquiry about including the Public Administrators Program as a functional unit within the Tax Collection Program, since it seems more related to unclaimed property. An OPB official agreed that if the Public Administrators Program was placed within the Tax Collecton Program as a functional unit, it might eliminate the need for a separate budgetary program for the public administrators.

The DOR official also pointed out that the State Treasurer's Office is required by state law to receive the succession funds. R.S. 9:1586 requires funds realized from the vacant succession to be paid into the state treasury. In addition, a State Treasury official mentioned that it might be more efficient for DOR to maintain the succession records so that all records relating to unclaimed funds would be centrally maintained.

In our discussions with a legal representative for the public administrators, he did not disagree with our suggestion of possibly including the public administrators as a functional unit within the Tax Collection Program. We believe that such a placement would enhance the coordination between the public administrators and the Unclaimed Property Section, which is also placed within the Tax Collection Program. However, the legal representative stated that it would be more efficient if succession funds were remitted to the Unclaimed Property Section instead of directly to the State Treasurer. He also said that once succession funds are deposited with the State Treasurer, it is a cumbersome task to request the return of the funds when heirs present themselves. Finally, he mentioned that remitting the funds to the Unclaimed Property Section would enable the public administrators to take advantage of the section's public notice efforts to identify potential heirs.

Administrative Functions. According to department information, we found two administrative functions that have a potential for overlap without continued coordination.

1. **Forms Management.** Both the Research and Technical Services (RATS) Division and the Support Services Division manage forms. Generally, the department says there is no overlap because each division performs specific duties relating to forms management. However, some department officials agree that forms management should be done within only one division. Based on our review of departmental information, the duties performed by RATS (relating to forms) appear more consistent with purchasing functions, which are located within the Support Services Division. These functions include coordinating with other divisions to design, review, and print the forms. Currently, the Support Services Division's duties (relating to forms) are to receive, inventory, and deliver the various forms, according to departmental information.

2. **Training.** The Audit Review Division, Human Resources Division, and the Research and Technical Services Division train employees, according to the DOR 53rd Annual Report 1995-96. According to DOR officials, all divisions train employees. However, to better coordinate the training function among the divisions, a training coordinator was recently hired.

Matters for Legislative Consideration

3.1 The legislature may wish to further review areas mentioned in Recommendation 3.2 to ensure there is adequate coordination. If the review identifies actual overlap, the legislature may wish to direct the department to develop coordinating strategies or coordinate some entities.

3.2 If the legislature considers including the Public Administrators Program as a functional unit within the Tax Collection Program, it may wish to review R.S. 9:1586. The purpose of this review would be to determine if any amendments are necessary relating to the maintenance and accounting of funds realized from vacant successions and deposited to the state treasury.

Recommendation

3.2 The Department of Revenue should continually work to improve coordination of all its functions and activities, especially in the following areas:

- Field audits
- Unclaimed funds
- Administrative functions of forms management and training

Potentially Outmoded Functions and Activities

DOR identified 22 statutorily created activities as obsolete, which may be outmoded. In addition, it identified eight superseded statutes of currently funded activities. Because DOR's and LTC's Sunset Review Budget Request forms were incomplete, we conducted additional research to identify other statutorily created activities that are not implemented.

We identified an additional 29 activities that may also be outmoded for a total of 51 activities. Although the legislature repealed 22 of the 51 activities in the 1998 session (during this audit), if the remaining 29 activities are outmoded, maintaining their statutory structures may cause confusion for department officials and legislators making programmatic decisions.

As mentioned previously in Chapter 1, we defined potentially outmoded items as programs, functions, or activities that appear to be outdated or are no longer needed. To identify potentially outmoded programs, functions, and activities in DOR and LTC, we conducted the following procedures:

- Reviewed the Sunset Review Budget Request forms
- Requested a list of outmoded programs, functions, or activities from DOR and LTC
- Researched applicable state laws

We Did Not Rely on Required Sunset Review Budget Request Information Submitted by the Department

For fiscal year 1997-98, the department reported incomplete information in the Sunset Review Budget Request Addendum forms. For example, DOR reported "Not Applicable" on the form titled "Legislatively Authorized Activities Currently Unfunded" for the Tax Collection, Public Administrators, and Alcoholic Beverage Control programs. In addition, LTC did not complete the report correctly. According to LTC officials, they put the same information as in prior years and just updated the numbers on the form.

As a result, we had to conduct additional legal research to identify functions that are statutorily authorized but not carried out. We then discussed potentially outmoded functions with department officials. We did not conduct additional work to determine the funding history for each function.

As discussed in Chapter 1, OPB has prescribed procedures and forms referred to as Sunset Review Budget Request Addendum (SRBRA) forms for reporting activities currently unfunded. In accordance with R.S. 49:191.1, the agencies must report "Legislatively Authorized Activities Currently Unfunded, using the SRBRA-1 forms." In addition, OPB requested agencies to complete these forms in their budget requests due in November 1996 for fiscal year 1997-98.

Recommendation

3.3 As required by R.S. 49:191.1(A), and as part of the annual budget process, DOR and LTC officials should report any statutorily authorized functions or activities for which implementing funds were not appropriated. If there are no unfunded functions or activities, the Sunset Review Budget Request forms should reflect this information.

Outmoded Activities Identified by the Department

To identify potentially outmoded programs, functions, and activities, we initially requested the department to provide us a list of outmoded statutory or constitutional program mandates. DOR provided us with its list that it refers to as "Deadwood Provisions." Exhibit 3-2 shown on the next two pages contains 22 outmoded activities and 8 superseded statutes of currently funded activities relating to the Tax Collection Program. A similar list was not provided for the other two programs in DOR or for LTC.

According to DOR officials, their "Deadwood Provisions" list was compiled in early 1997. DOR did not include the outmoded activities identified in Exhibit 3-2 on the 1997-98 or 1998-99 SRBRA-1 forms for unfunded activities. However, DOR did provide its "Deadwood Provisions" list to the legislature during the 1997 Regular Session, but no action was taken on the list because it was a nonfiscal session. However, during the 1998 Regular Session, the legislature repealed 15 of the obsolete statutes, as footnoted on Exhibit 3-2.

Exhibit 3-2
Outmoded Activities and Superseded Statutes From DOR's List of "Deadwood Provisions"

	Legal Citation	Description	Reason for Deletion
1.	R.S. 47:614*	Cost of collection	Superseded by the Louisiana Constitution of 1974, Art. VII, Sec. 9
2.	R.S. 47:615*	Disposition of collections	Superseded by the Louisiana Constitution of 1974, Art. VII, Sec. 9
3.	R.S. 47:32(C)**	Rates of tax; corporations	Superseded by R.S. 47:287.12 (Needed fall-back provision?)
4.	R.S. 47:102**	Corporation returns	Superseded by R.S. 47:287.612 (Needed fall-back provision?)
5.	R.S. 47:120**	Installment payments of estimated income tax by corporations	Superseded by R.S. 47:287.654
6.	R.S. 47:120.1**	Failure by corporation to pay estimated income tax	Superseded by R.S. 47:287.654
7.	R.S. 47:120.2**	Adjustment of overpayment of estimated income tax by corporation	Superseded by R.S. 47:287.656
8.	R.S. 47:120.3**	Refunds and credits	Superseded by R.S. 47:287.657
9.	R.S. 47:121**	Exemptions from tax on corporations	Superseded by R.S. 47:287.501, 47:287:521, and 47:287.526 - 47:287.528
10.	R.S. 47:246**	Corporations; deduction from net income from Louisiana sources	Superseded by R.S. 47:287.86
11.	R.S. 47:302.2	Disposition of certain collections in the city of Shreveport	Superseded by R.S. 47:332.6
12.	R.S. 47:302.3	Disposition of certain collections in the city of Bossier City	Superseded by R.S. 47:332.7
13.	R.S. 47:305(C)(1)*	Exclusions and exemptions; articles traded in	Exclusion under R.S. 47:301(13)(a)
14.	R.S. 47:305.5	Exclusions and exemptions; materials and supplies used in the construction of the Toledo Bend Dam Project	Project completed.
15.	R.S. 47:305.12*	Exclusions and exemptions; fire fighting equipment purchased by bona fide organized public volunteer fire departments	Exclusion under R.S. 47:301(10)(o)
16.	R.S. 47:305.21*	Exclusions and exemptions; equipment, parts, and airplanes purchased by commuter airlines; definition	Exclusion under R.S. 47:301(7)(d) and (10)(k)
17.	R.S. 47:305.22	Exclusions and exemptions; certain self-propelled vehicles removed from inventory	Exclusion under R.S. 47:301(10)(a)(iii) and (18)(a)(iii)
18.	R.S. 47:305.24*	Exclusions and exemptions; monetized bullion	Exclusion under R.S. 47:301(16)(b)(ii)
19.	R.S. 47:305.27*	Exclusions and exemptions; capital mass transit equipment	Exclusion under R.S. 47:301(8)(c)
20.	R.S. 47:305.29*	Exclusions and exemptions; state; certain local political subdivisions	Exclusion under R.S. 47:301(8)(c)
21.	R.S. 47:305.31	Exclusions and exemptions; equipment facilitating energy conservation, conversion to alternate fuels	Expired December 31, 1989

Exhibit 3-2
Outmoded Activities and Superseded Statutes from DOR's List of "Deadwood Provisions" (concluded)

	Legal Citation	Description	Reason for Deletion
22.	R.S. 47:305.34*	Exclusions and exemptions; waterworks district purchases	Exclusion under R.S. 47:301(8)(c)
23.	R.S. 47:305.35*	Exclusions and exemptions; public housing authorities	Exclusion under R.S. 47:301(8)(c)
24.	R.S. 47:633(7)(C)(ii)(aa)	Rates of Tax-Exemption enacted in 1990 to aid a company planning an experimental mining and horizontal drilling project	The project did not get off the ground; the statute causes uncertainty and should be repealed.
25.	R.S. 47:633(9)(e)(v)	Rates of Tax-Exemption enacted in 1974 to benefit one large sulphur company doing business in Louisiana	The company has moved all of its operations into federal waters and is using federal gas. This exclusion no longer benefits anyone and should be removed.
26.	R.S. 47:633.1(A), (B), and (D)*	Gas sold under written agreement requiring seller to pay tax without any reimbursement or with less than 50% reimbursement; rate of tax-exemption enacted in 1974 to give a tax reduction to companies with long-term gas contracts with unfavorable prices	The contracts that had qualified have since been renegotiated or have expired. The statute should be repealed to avoid confusion.
27.	R.S. 47:648.11*	Severance tax exemption - STEP	This exemption expired July 15, 1990, and should be removed to avoid confusion.
28.	R.S. 47:671 - 47:681.1*	Gas Gathering Tax	Tax was ruled unconstitutional in 1960.
29.	R.S. 47:691 - 47:697*	Royalty Gas Excise Tax - enacted in 1948 to prevent unjust enrichment of producers at the expense of royalty owners	This law has not been enforceable since its inception and should be repealed.
30.	R.S. 47:1301 - 47:1307 and 47:1351*	First Use Tax on Natural Gas	Tax was ruled unconstitutional in 1981.

* Repealed by Act 4 or Act 27 of the 1998 Regular Session.

** According to a department official, these provisions are superseded statutes of currently funded activities.

Source: Prepared by legislative auditor's staff using information provided by DOR and staff review of the Acts of 1998 Regular Session.

Potentially Outmoded Activities Were Identified Through Additional Research

As mentioned previously, we did not rely on the department's SRBRA forms. As a result, we conducted additional research of statutes relating to all programs to find potentially outmoded activities. We defined potentially outmoded as activities that are statutorily authorized but not implemented.

We reviewed these areas with department officials in February 1998. We asked DOR officials if these activities are carried out, and if they could be considered outmoded. As a result of our review with the department, 29 additional activities (in addition to the "Deadwood Provisions" on pages 51 through 52) may be outmoded. According to agency comments, these activities are either obsolete or not implemented. The activities and the agency's comments are shown in Exhibit 3-3 below and on the next six pages.

The legislature repealed seven of the provisions during the 1998 Regular Session that we had identified for the department, as noted on Exhibit 3-3. However, when the department does not report authorized activities that may not be funded in accordance with state law, lawmakers may be unaware that some mandated or authorized activities have not been implemented.

Exhibit 3-3
Twenty-nine Activities Pertaining to DOR, Public Administrators, and LTC Found During Audit That Are Potentially Outmoded and Should Be Considered for Repeal or Update

	Legal Citation	Description	Agency's Comments
DOR			
1.	R.S. 47:1502.1	Allows DOR to contract with the city of New Orleans to utilize their services and personnel in performing the issuances of state tax researches.	This statute could be repealed.
2.	R.S. 47:651*	Imposes a severance tax on forest products grown on lands reforested, as provided in Title 56, Chapter 4, Part IV.	All contracts related to the Reforestation severance tax, R.S. 47:651, have expired. There have been no more collections of this tax since fiscal year ending June 30, 1992.

Exhibit 3-3
Twenty-nine Activities Pertaining to DOR, Public Administrators, and LTC Found During Audit That Are Potentially Outmoded and Should Be Considered for Repeal or Update (Cont.)

	Legal Citation	Description	Agency's Comments
DOR (Cont.)			
3.	R.S. 49:651	Creates DOR and the powers and duties of the collector of revenue. *(Auditor's comment: Initially, DOR concluded that the provisions of R.S. 49:651 are not necessary. However, DOR subsequently revised the response. We still feel that R.S. 36:451 is equivalent to R.S. 49:651 and is more current.)*	Both sets of provisions (R.S. 49:651 & 36:451) are necessary and fulfill different purposes within the organization of the state government and that tampering with this statutory structure could bring about unpredictable consequences.
4.	R.S. 49:652	Provides for the appointment of the collector of revenue. *(Auditor's comment: Initially, DOR concluded that the provisions of R.S. 49:652 are not necessary. However, DOR subsequently revised the response. We still feel that R.S. 36:453 is equivalent to R.S. 49:652 by creating the secretary of revenue and is more current.)*	Both sets of provisions (R.S. 49:652 and 36:453) are necessary and fulfill different purposes within the organization of the state government and that tampering with this statutory structure could bring about unpredictable consequences.
5.	R.S. 46:592, 47:120.26, and 47:120.36	Provides for an income tax check off donation for the Homeless Trust Fund, the Louisiana Association of Councils on Aging, and a "political party."	These donations last appeared on the 1994 Louisiana individual income tax returns. R.S. 47:120.37 allows for the removal of a donation from the tax return if less than ten thousand dollars is collected for two consecutive years.
6.	R.S. 47:284*	Provides DOR a portion of the collections for administering income taxes.	This statute is outmoded and could be repealed.
7.	R.S. 47:317*	Provides DOR a portion of the collections for administering sales taxes.	This statute is outmoded and could be repealed.
8.	R.S. 47:644*	Provides DOR a portion of the collections for administering general severance taxes.	This statute is outmoded and could be repealed.
9.	R.S. 47:868 (A)*	Provides DOR a portion of the collections for administering tobacco taxes.	This statute is outmoded and could be repealed.
10.	R.S. 47:1009*	Provides DOR a portion of the collections for administering transportation and communication utilities taxes.	This statute is outmoded and could be repealed.

Exhibit 3-3

Twenty-nine Activities Pertaining to DOR, Public Administrators, and LTC Found During Audit That Are Potentially Outmoded and Should Be Considered for Repeal or Update (Cont.)

	Legal Citation	Description	Agency's Comments
DOR (Cont.)			
11.	R.S. 47:1039*	Provides DOR a portion of the collections for administering natural gas franchise taxes.	This statute is outmoded and could be repealed.
12.	R.S. 54:182 and 54:184	Requires everyone who operates a warehouse with goods stored in them that are subject to excise, license, or privilege taxes to file a monthly report to DOR showing the name and address of the owner of the goods and the kind and quantity of the goods. DOR may make rules and regulations to enforce this required reporting.	Examination of the provisions of this statute did not find where the provisions of R.S. 54:182 has ever been enforced or where DOR has ever taken steps to administer these activities. The provisions are generally not necessary as tobacco and alcohol products must be stored in bonded warehouses. Bonded warehouses are federal territory and as such fall under the administration and jurisdiction of U.S. Customs; thus, DOR does not need to play a role in this matter. There is one area under R.S. 54:183 which prohibits warehousemen from engaging in business as a dealer. This area should be retained to prevent a possible loophole in the law; however, it could be retained in another section(s).
13.	R.S. 47:727	Provides for the disposition of gasoline tax collections. *[Auditor's comment: Most of this provision was superseded when the Transportation Trust Fund (Louisiana Constitution of 1974 Art. VII, Sec. 27) became effective on January 1, 1990.]*	This provision should be updated.
14.	R.S. 47:802	Imposes a special fuels tax. *[Auditor's comment: Most of this provision was superseded when the Transportation Trust Fund (Louisiana Constitution of 1974 Art. VII, Sec. 27) became effective on January 1, 1990.]*	This provision should be updated.
15.	R.S. 40:2017.12 (C)(2)	Requires DOR to issue "hospital prepayment receipts" to hospitals participating in prepayments of Medicaid.	DOR does not issue "hospital prepayment receipts."
16.	R.S. 47:1910.1	Requires DOR to remit an amount from inheritance taxes collected from the Parish of Orleans to the board of assessors of Orleans Parish for salaries and expenses.	DOR deposits inheritance tax collections into the General Fund. It does not specifically provide for the Board of Assessors salary and expense fund.

Exhibit 3-3
Twenty-nine Activities Pertaining to DOR, Public Administrators, and LTC Found During Audit That Are Potentially Outmoded and Should Be Considered for Repeal or Update (Cont.)

	Legal Citation	Description	Agency's Comments
DOR (Cont.)			
17.	R.S. 40:4.9(C)	Requires DOR to provide to the Department of Health and Hospitals the names of all preparers of jellies, preserves, jams, honey, and honeycomb products which are made at home for sale, whose gross annual sales equal five thousand dollars or more.	DOR does not have any information on this subject to share with the Department of Health and Hospitals. The procedure is not performed.
18.	Act 916 of 1986	Allows DOR to do all things necessary in order to provide for the implementation of the Economic Diversification Marketing Fund.	DOR officials know of no functions that DOR performs related to the Economic Diversification Marketing Fund.
19.	R.S. 30:2417(B)	Requires DOR to remit to the state treasurer for credit to the Used Oil Recycling Trust Fund any appropriations, gifts, grants, or other monies received for used oil recycling purposes.	A Severance Tax Division official said the division collects a tax on crude oil, not used oil, so they do not know what happens to any appropriations, gifts, grants, etc., for the Used Oil Recycling Trust Fund, R.S. 30:2417(B). An Excise Tax Division official said the division does not collect money from appropriations, gifts, grants, etc., for the used oil recycling purposes of the Used Oil Recycling Trust Fund. They believe the collections may be made by DEQ.
20.	R.S. 33:2737.12	Requires DOR to collect the sales and use tax levied by the Northeast Louisiana Sales Tax District for the Northeast Louisiana Sales Tax Fund.	A Sales Tax Division official said the division could not determine that this tax has ever been levied or that the Northeast Louisiana Sales Tax District is still functioning. DOR has not collected this sales tax.
21.	R.S. 47:463.5	Requires DOR to collect an annual license or registration fee for certain recreational vehicles.	DOR officials said they do not collect these fees. The license and registration fees on recreational vehicles are collected by the Office of Motor Vehicles of the Department of Public Safety and Corrections, and not by DOR. R.S. 47:463.5 was placed into law by Act 7 of the 1975 regular session of the Legislature. The inclusion in R.S. 47:463.5 by Act 7 of the term "collector of revenue" was apparently an error, since by that time the responsibility for vehicle licensing and registration had been transferred to the Department of Public Safety.

Exhibit 3-3
Twenty-nine Activities Pertaining to DOR, Public Administrators, and LTC Found During Audit That Are Potentially Outmoded and Should Be Considered for Repeal or Update (Cont.)

	Legal Citation	Description	Agency's Comments
DOR (Concluded)			
22.	R.S. 47:333	Requires DOR to collect a use tax upon the first use of limestone aggregate, on which no Louisiana sales tax has been paid.	A Sales Tax Division official said the department has not collected the use tax on limestone aggregate. This official also said he recalls that following the enactment of the use tax on limestone aggregate by Act 13 of the 1984 first extraordinary session, then - Secretary McNamara made the determination not to collect the tax. Her reasons for this decision were that the tax was discriminatory against out-of-state purchases versus in-state purchases, that enforcement of the tax would result in a judicial proceeding challenging the tax on the basis of that discrimination, and that the state almost assuredly would lose that litigation.
23.	R.S. 17:2826	Requires DOR to collect a fee from each education cooperative.	DOR officials said they do not collect these fees. The Research and Technical Services (RATS) Division has searched the Secretary of State's database and was unable to locate any current incorporated co-op school. Also, a search of the Department of Education's (DOE) database proved unsuccessful. RATS then contacted the Education Finance Audit Section of DOE and learned that there are no such co-op's in the state and that this program is not active. Currently, the closest program would be for charted schools which are part of the minimum foundation funding program and receive state funds on a per student basis like any public school.
Public Administrators			
24.	R.S. 32:524	Requires persons to furnish to the public administer of the parish of Orleans a list of motor vehicles held by them in storage. The public administrator is then required to take possession of the vehicles and administrate them as vacant estates and as estates of unknown owners.	R.S. 32:524, requiring a list of abandoned vehicles held in public custody to be provided semi-annually by the New Orleans Police Department, is indeed "outmoded." Whatever may have been the reason for this statute, the Public Administrator clearly does not have the resources to store or track the ownership of motor vehicles. It is suggested that the statute be repealed.

Exhibit 3-3

Twenty-nine Activities Pertaining to DOR, Public Administrators, and LTC Found During Audit That Are Potentially Outmoded and Should Be Considered for Repeal or Update (Cont.)

	Legal Citation	Description	Agency's Comments
LTC			
25.	R.S. 47:633(1) and (2) and 47:633.3	Requires LTC to meet with the Louisiana Forestry Commission to determine the market value of trees, timber, and pulpwood and to establish conversion tables to be used for converting board feet and cords to tons for the purpose of assessing the severance tax on those natural resources.	LTC meets jointly with the Louisiana Forestry Commission annually to set such severance tax and conversion tables, in accordance with administrative procedure act guidelines. It has always been puzzling to previous Louisiana Tax Commissions as to why this board was made a part of this process, since severance taxes are administered and collected by the Department of Revenue, Severance Tax Division.
26.	R.S. 47:1954	Provides for the assessment of insurance companies.	An LTC official said that this statute would appear to be outmoded inasmuch as its specific provisions have never been implemented to his knowledge. He said that LTC uses the Louisiana Constitution of 1974 Art. 7, Sec. 21 (C)(18) to provide legal authority to assess insurance company credits. While there is no specific statute that clearly authorizes the assessment of this property, it is based on the broad constitutional directive that all property that is not specifically exempted is subject to ad valorem taxation. LTC has also promulgated rules and regulations to help explain this assessment to insurance companies.
27.	R.S. 47:1871-1876	Requires LTC to administer a loan guarantee program for the assessors of the state and no loan made under the provisions of this Part shall be made after June 30, 1978.	The statutes R.S. 47:1871 through 47:1876 are certainly outmoded in that this loan guarantee program was established to aid assessor's offices in complying with assessment guidelines as mandated by the Louisiana Constitution of 1974, property tax provisions of which were effective January 1, 1978.

Exhibit 3-3
Twenty-nine Activities Pertaining to DOR, Public Administrators, and LTC Found During Audit That Are Potentially Outmoded and Should Be Considered for Repeal or Update (Concluded)

	Legal Citation	Description	Agency's Comments
LTC (Concluded)			
28.	R.S. 3:4343	LTC is required to approve the value of severed forest products and timber set by the Louisiana Forestry Commission for the purpose of a severance tax on reforested land. *(Auditor's comment: DOR's Severance Tax Division, which administers and enforces severance taxes, may be the appropriate entity to carry out this task.)*	R.S. 3:4343 does seem to be outmoded.
29.	R.S. 33:2621	Requires LTC to prescribe the rules, regulations, or methods of valuation for taxes upon motor vehicles within the limits of all municipal corporations and districts created by municipal corporations.	Regarding the statute R.S. 33:2621 from Act 5 of 1934, LTC is unable to determine what, if any, rules were prescribed by LTC over 60 years ago. The city of New Orleans continues to be the only municipality that collects such a tax on motor vehicles.

* Repealed by Act 4 or Act 27 of the 1998 Regular Session.

Source: Prepared by legislative auditor's staff based on staff reviews of laws relating to DOR and response received from DOR and LTC officials.

Matter for Legislative Consideration

3.3 After further review of these provisions, the legislature may wish to further consider legislation to repeal or update statutes related to the activities listed in Exhibits 3-2 and 3-3.

Chapter 4: Analysis of Performance Data

Chapter Conclusions

Overall, DOR's and LTC's missions, goals, objectives, and performance indicators reported in the 1997-98 executive budget do not provide sufficient information to users of this document. Sufficient information is needed for users of the budget document to judge the overall performance of DOR, LTC, or of the individual programs.

Performance data are not reported in the 1997-98 executive budget or in any other reports to the legislature for the Louisiana Tax Free Shopping Program (LTFSP) for our reporting period. Although the LTFSP does not directly receive and spend state funds, the LTFSP benefits from state funds indirectly. This is because the department's activities include providing various accounting services to the LTFSP. The lack of performance reporting decreases accountability for this program's activities.

There are no missions and goals at the department level and for the Office of Revenue budget unit. In addition, some programs lack missions and/or goals. Reported missions generally meet the criteria, while goals do not. When properly constructed missions and goals are not reported, users of the executive budget may not understand the program's purpose, clientele, or activities.

None of DOR's and LTC's objectives are measurable and timebound. In addition, most of the objectives are lengthy and address multiple topics (hereafter referred to as multi-tiered objectives). Such data are unclear and, therefore, may not be useful to legislators in their decision-making.

Because the objectives are not measurable, none of the performance indicators measure progress toward objectives. Thus, when collectively considering the objectives and indicators, users of the executive budget may not be able to evaluate DOR's overall performance in administering and collecting state revenue sources, performing oversight and valuation of property tax assessments, and enforcing the alcohol and tobacco control laws.

In addition, there is not a balanced mix of the various types of indicators. Each program includes few, if any, outcome, efficiency, and quality measures. By and large, the majority of the indicators are output indicators that consist of simple counts of services. Without a variety of the types of indicators reported, readers of the executive budget are not receiving a complete view of the impact, effectiveness, or efficiency of the programs.

Scope and Methodology of Analysis Conducted

For the purposes of this report, we analyzed DOR's and LTC's performance data that are reported in the 1997-98 executive budget. Specifically, our analysis included the assessment of 2 missions, 4 goals, 14 objectives, and 217 performance indicators against established criteria. The purpose of the performance data assessment is to determine if it provides information that would enable legislators to understand the department's programs and make related budgetary decisions. The results of the assessment are included in this chapter. In addition, Appendix D shows the 1997-98 executive budget performance data that were analyzed, as well as the detailed results of the analysis.

As discussed in Chapter 1, the missions, goals, objectives, and performance indicators for each of the executive budget programs listed in the 1997-98 executive budget were evaluated against an established set of criteria. OPB's publication, *Manageware,* and consultations with various experts were used to develop the criteria. The criteria used are described in Exhibit 4-1 on the following page.

We also performed a limited review of DOR's and LTC's performance data reported in the 1998-99 executive budget. The review of the 1998-99 data was conducted to note major changes that showed improvement. The scope of this audit did not include an analysis of the new information against the established criteria. The results of this review are discussed, where applicable, throughout this chapter of the report.

Exhibit 4-1

Criteria Used to Evaluate Performance Data Included in the 1997-98 Executive Budget

MISSION: A broad, comprehensive statement of purpose

- √ Identifies overall purpose for the existence of the organization, department, office, institution, or program as established by constitution, statute, or executive order
- √ Identifies clients/customers of the organization or external and internal users of the organization's products or services
- √ Organizationally acceptable

GOAL: The general end purpose toward which effort is directed

- √ Consistent with department, program, and office missions
- √ Provides a sense of direction on how to address the mission; reflects the destination toward which the entity is striving

OBJECTIVE: A specific and measurable target for accomplishment

- √ Consistent with goals
- √ Measurable
- √ Timebound
- √ Specifies desired end result

PERFORMANCE INDICATOR: Tool used to measure performance of policies, plans, and programs

- √ Measures progress toward objective or contributes toward the overall measurement of progress toward objective
- √ Consistent with objective
- √ Clear, easily understood, and non-technical

Source: Prepared by legislative auditor's staff based on input from *Manageware*, GASB, the federal Office of Management and Budget, and the Urban Institute to show criteria used to evaluate the department's performance data.

Performance Data Lacking for the Louisiana Tax Free Shopping Program

Performance Data Not Reported in 1997-98 Executive Budget for the Louisiana Tax Free Shopping Program

The 1997-98 executive budget and the operational plan for DOR does not include performance data for the Louisiana Tax Free Shopping Program (LTFSP). In addition, the program's commission did not present performance data to the legislature in other reports for our reporting period. However, DOR's activities include performing accounting services for this program as well as reimbursing state sales tax. Therefore, the legislature does not receive any performance data relating to this program for which some state funds are spent. As a result, this decreases accountability for the program's activities.

The Louisiana Tax Free Shopping Commission is responsible for implementing the LTFSP. The commission was created and placed within DOR in 1988. It is composed of five members who serve without compensation or reimbursement from the state. R.S. 51:1301 authorizes a sales tax refund program (the LTFSP) for purchases of tangible personal property by international travelers. In addition, R.S. 51:1304 allows the LTFSC to select as a refund agency certain public entities.

The program operates on self-generated revenues. These revenues include annual membership fees from merchants who participate in the program, sales of vouchers (forms) to merchants, and advertising revenues. In addition, a handling fee is withheld from sales tax refunds issued to international visitors by the Refund Center located at the New Orleans International Airport. DOR's Tax Collection Program reimburses the Refund Center the state sales tax the Refund Center paid to international visitors as well as the handling fee.

The LTFSP is not included in the executive budget for DOR's Office of Revenue. According to DOR officials, the program is not included because it is a nonbudget unit. For this reason, the department does not include performance data relating to the LTFSP in its operational plan. However, in addition to the sales tax refund reimbursement, DOR provides accounting and other support services for the program, which are paid for through the department's budget. DOR provides these services to comply with statutes that require the program to have adequate internal accounting controls in place.

As discussed further in Chapter 1, DOR does not receive compensation for its services to the LTFSP. However, DOR receives compensation for its costs incurred for collecting revenues for other governmental entities. Additional study may be needed to determine if DOR should charge the LTFSP a fee to recover its costs.

According to a LTFSP official, performance data on the program's effectiveness and operations was not included in any other report to the legislature during our reporting period. However, the program internally tracks performance-related data and interacts with DOR. For example, according to a 1997 research report provided by the LTFSP, the program had an overall economic impact of approximately $321 million, including an employment impact of 6,500 jobs and $105.7 million in earnings for Louisiana residents.

However, similar data are not developed or reported to the legislature. In addition, because the LTFSP is a significant program, an OPB official believes performance data should be included in DOR's strategic planning process and the legislature may wish to know how it is performing.

Recommendation

4.1 The LTFSP staff, as well as OPB, DOR, and House Appropriations Committee staff, should decide what performance data the legislature needs on the LTFSP, and whether the performance data should be reported in future editions of the executive budget.

Executive Budget Lacks Performance Data for Overall Department

The 1997-98 executive budget does not contain an overall department mission or goal. It also does not contain a budget unit mission or goal for the Office of Revenue. Without missions and goals, it is difficult to determine the purpose of the overall department and related budget units. In addition, there is no reported mission in the executive budget for LTC. As a result, users of the executive budget do not have a basis to identify the overall purpose of the department or its principal clients. In addition, with no departmental mission to guide the individual programs, there is a potential that program missions could differ from the department's purpose.

OPB worked with DOR and LTC to correct some deficiencies in time for the 1998-99 executive budget. As a result of their efforts, the 1998-99 executive budget includes missions and goals for all budget units. However, a department level mission and goal is still absent. A detailed analysis of the 1998-99 executive budget performance data was not conducted; therefore, the mission and goals were not assessed against the established criteria. However, the inclusion of a mission and goals for the Office of Revenue and LTC budget units in the executive budget is a significant improvement and should provide legislators with beneficial information.

Recommendation

4.2 DOR, LTC, OPB, and House Appropriations Committee staff should continue to work together to develop a mission and goals for the overall department.

Performance Data May Not Be Useful for Budgetary Decisions

Performance data that are reported in the 1997-98 executive budget may not collectively provide information to communicate what its programs are seeking to accomplish. Although the missions that are reported are labeled and meet the criteria, none of the goals provide a sense of direction on how to address the mission. However, they do reflect the destination toward which the programs are striving.

In addition, none of the objectives are measurable or provide target dates for accomplishment. Most objectives also consist of multiple components, which are reported as one objective. None of the performance indicators measure progress toward the objectives. Also, there is not a balanced mix of different types of performance indicators reported in the executive budget. Finally, some data that are reported as performance indicators are not classifiable as such. As a result, the legislature may not be able to determine the efficiency or effectiveness of the department's programs or use the performance data to make funding decisions.

Exhibit 4-2 below, as well as the rest of this section, describes the results of our overall analysis of the performance data reported in the executive budget for all four programs. In addition, the results of our analysis of the performance data by program are included in the remainder of this chapter and in Appendix D.

Exhibit 4-2
Summary Results of the Comparison of DOR and LTC Programs' Performance Data to Established Criteria

Missions	• 2 of 2 (100%) identify purpose • 2 of 2 (100%) identify clients • 2 of 2 (100%) are organizationally acceptable
Goals	• 3 of 4 (75%) are consistent with the mission • 0 of 4 (0%) provides a direction and reflect the destination
Objectives	• 12 of 14 (86%) are consistent with goals • 0 of 14 (0%) is measurable • 0 of 14 (0%) is timebound • 14 of 14 (100%) specify an end result • 13 of 14 (93%) are multi-tiered [1]
Performance Indicators	• 0 of 217 (0%) measures progress toward the objective • 210 of 217 (97%) are consistent with the objective • 178 of 217 (82%) are clear and easily understood

[1] Although this information is not a criterion in Exhibit 4-1, we included it in this exhibit for additional information.

Source: Prepared by legislative auditor's staff from results of comparing 1997-98 executive budget performance data to the criteria in Exhibit 4-1.

Missions. DOR reported two missions in the 1997-98 executive budget. Both missions are labeled as such and meet the criteria. For example, the missions identify the overall purpose of the programs and the principal clients or customers. They are also organizationally acceptable. That is, they are included in the department's operational plan that was submitted to OPB. Therefore, the missions help legislators understand the purposes and clients of the programs.

Goals. The department reported four goals in the executive budget for DOR and LTC. All four goals are labeled as such, and three are consistent with the missions of the programs. All of the goals provide a destination toward which the program is striving. However, the four goals do not provide a sense of direction on how the program is to address the mission. Without goals that satisfy the criteria listed in Exhibit 4-1, users of the executive budget may not understand the primary activities the programs undertake to fulfill their missions.

Objectives. The 1997-98 executive budget includes fourteen objectives for DOR and LTC. Twelve of the 14 (86%) objectives are consistent with corresponding goals. The remaining two objectives do not have a corresponding goal in order to make this assessment. All 14 objectives (100%) specify desired end results. However, none of the objectives are measurable and specify target dates for accomplishment. As a result, legislators may not be able to determine exactly what the program intends to achieve within a stated time frame. In addition, the lack of measurability keeps performance indicators from measuring progress toward objectives.

Overall, 93% (13 of 14) of the objectives are multi-tiered. A multi-tiered objective consists of multiple components listed together as one objective. Although six objectives included measurable and/or timebound components, we could not assess the overall objectives as measurable or timebound because of the multiple tiers. Multi-tiered objectives also make it difficult to match corresponding performance indicators with the objective. As a result, users of the executive budget may not grasp the full meaning of the objectives because of their complexity.

According to OPB, the process for putting information into the executive budget is improving. OPB is working with agencies to develop shorter and more concise objectives that are measurable and timebound. There is also more communication between OPB staff and DOR officials responsible for creating the operational plan and organizing the data for submission into the executive budget.

Although a detailed analysis of the 1998-99 executive budget was not conducted, it should be noted that some improvement has been made to the objectives reported in the 1998-99 executive budget. All of DOR's objectives now specify time frames. However, most of the objectives are still multi-tiered and therefore not measurable. LTC's Property Taxation

Regulatory/Oversight Program contains all new objectives that are more specific for each major activity done.

Performance Indicators. Almost all (210) of the 217 indicators are consistent with the objectives, as shown in Exhibit 4-2. We could not make this assessment for six of LTC's indicators because they do not have a related objective. In addition, 82% (178 of 217) of the indicators are clear and easily understandable.

However, none of the performance indicators measure progress toward the objectives, even though 93% of the indicators include a measurable component (201 of 217). That is, they include a numeric base such as a number, a percent, or a regional average. However, performance indicators with measurable components cannot measure progress to corresponding objectives when the objectives themselves are not measurable. As a result, readers of the executive budget do not know how well the programs are performing and the performance data may fail to provide useful information for legislators making budgetary decisions.

In addition, 7% (16 of 233) of the information reported in the executive budget as performance indicators are not true performance indicators. DOR's Tax Collection Program and LTC's Property Taxation Regulatory/Oversight Program include explanations and process-related information labeled as indicators that is not classifiable as indicators. For example, the Tax Collection Program includes the following information:

> **Efficiency Indicator.** Use of a high-speed optical character recognition (OCR) scanner and remittance processing system with imaging capability is expediting initial return processing and postprocessing document retrieval of withholding, sales, and income tax returns. The OCR scanner captures data directly from tax returns into the mainframe computer, eliminating the need for data entry keying. An image of each document is stored and available for retrieval from any computer connected to the image system. When a taxpayer calls with questions concerning his/her return, a tax analyst is able to call up the image of the return and supporting schedules instantly. Additionally, taxpayer correspondence is imaged to speed response time.

The above information describes DOR's new process for expediting tax return processing, but does not provide any performance indicators to show how quickly the returns are processed. Information in the executive budget should provide insight into the performance of the program. Including information not related to the performance of the program can confuse users of the executive budget and detract from the presentation of actual performance indicators.

Performance Indicator Types. The performance indicators presented in the 1997-98 executive budget do not provide a complete mix of input, output, outcome, efficiency, quality, and explanatory measures. Exhibit 4-3 below shows the majority of performance indicators (72%), reported in the 1997-98 executive budget, measure output.

Exhibit 4-3

Performance Indicator Types Reported in the 1997-98 Executive Budget: DOR and LTC

Input	• 25 of 217 (12%)
Output	• 157 of 217 (72%)
Outcome	• 11 of 217 (5%)
Efficiency	• 4 of 217 (2%)
Quality	• 1 of 217 (0%)
Explanatory	• 19 of 217 (9%)

Source: Prepared by legislative auditor's staff based on analysis of information contained in the 1997-98 executive budget.

Twenty-five (12%) of the indicators are input indicators. Further analysis determined that 19 of 25 input indicators measure demand for services and the remainder measure resources used. In addition, very few of the indicators measure outcomes, efficiency, and quality.

Without a more balanced mix of indicator types, performance indicators provide little useful information to legislators. According to GASB and *Manageware*, there should be a variety or "desirable mix" of performance indicators. What this mix should contain may be different for each program. When such a mix is properly developed, the indicators communicate more complete information on overall program performance.

In summary, DOR's performance data in the 1997-98 executive budget lack important elements. As a result, legislators may not be able to:

(1) understand what the programs are trying to accomplish;

(2) determine how efficiently and effectively the programs are operating; or

(3) be able to use the performance data for budgetary decisions.

Recommendations

4.3 DOR, LTC, OPB and House Appropriations Committee staff should continue to work together to develop missions, goals, objectives and performance indicators that meet established criteria. In addition, they should work together to develop a mix of performance indicators to report in the operational plan and executive budget.

4.4 DOR, LTC, OPB and House Appropriations Committee staff should continue to work together to limit the use of multi-tiered objectives in the executive budget.

Tax Collection Program's Performance Data Need Improvement

The Tax Collection Program's 1997-98 performance data may not provide legislators or other users of the executive budget with useful information about the department's performance. Although all the goals reflect the destination toward which the programs are striving, not one of the goals provides a sense of direction on how to address the mission. In addition, none of the objectives are measurable or timebound. Therefore, the performance indicators cannot measure progress towards the objectives. As a result, readers of the executive budget may have a difficult time determining how efficient or effective the program collects revenues owed to the state.

Exhibit 4-4 below summarizes the results of the analysis of the performance data for the Tax Collection Program. Results of the analysis of the program's performance are described after the exhibit. More details are shown in Appendix D.

Exhibit 4-4

Results of Comparison of the Tax Collection Program's Performance Data to Established Criteria

Mission	• Identifies purpose • Identifies clients • Is organizationally acceptable
Goals	• 3 of 3 (100%) are consistent with the mission • 0 of 3 (0%) provides a direction and reflects the destination
Objectives	• 8 of 8 (100%) are consistent with goals • 0 of 8 (0%) is measurable • 0 of 8 (0%) is timebound • 8 of 8 (100%) specify an end result • 8 of 8 (100%) are multi-tiered [1]
Performance Indicators	• 0 of 154 (0%) measures progress toward the objective • 153 of 154 (99%) are consistent with the objective • 116 of 154 (75%) are clear and easily understood

[1] Although this information is not a criterion in Exhibit 4-1, we included it in this exhibit for additional information.

Source: Prepared by legislative auditor's staff from results of comparing 1997-98 executive budget performance data to the criteria in Exhibit 4-1.

Mission. The Tax Collection Program's mission meets all of the criteria shown in Exhibit 4-1. It identifies the purpose, is organizationally acceptable, and identifies its clients. Therefore, legislators can be sure of the purpose and clients of this program.

Goals. All three executive budget goals for this program are consistent with the program's mission. Although all the goals provide the destination toward which the program is striving, they do not provide a sense of direction on how the program is to address the mission.

Goals that do not provide a sense of direction on how to address the mission do not provide information to legislators on what steps the department will take to meet the mission. For example, the goal relating to "the achievement of the highest degree of voluntary compliance" should include the major activity for how voluntary compliance is carried out. In addition, because of this lack of information about progress made by the Tax Collection Program, legislators may not be provided with adequate information to make budgetary decisions.

Objectives. DOR reported eight objectives for the Tax Collection Program in the 1997-98 executive budget. All of the objectives are consistent with the goals and specify desired end results. However, four of the objectives were confusing because they contained information relating to activity numbers that was not defined, as shown in Appendix D for objectives #4, #5, #6, and #7.

In addition, none of the eight objectives are measurable and timebound. Even though five objectives have measurable components and three objectives include dates, all the objectives include multiple parts (i.e., multi-tiered). In this situation, it is difficult to assess the entire objective's targeted level of performance and the time frame in which the performance is to be achieved. As a result, legislators may not be able to determine exactly what improvements are intended and the time frames for those improvements.

Performance Indicators. There are 154 performance indicators reported in the 1997-98 executive budget for the Tax Collection Program. Although 75% (116 of 154) of the indicators are clear and easily understandable, 24% (37 of 154) contains information on activity numbers that is not defined, as shown in Appendix D.

Almost all of the indicators (99%) are consistent with the objectives. However, not one of these indicators measures progress toward the objective. Ninety-four percent (145 of 154) of the indicators contain measurable components, and thus may have measured progress, if the objective had been measurable. As a result, the indicators may not provide useful information to assess program progress or allow legislators to make informed budgetary decisions.

Exhibit 4-5 shows a breakdown of the types of indicators reported in the executive budget for the Tax Collection Program. As shown in this exhibit, 79% (121 of 154) of the indicators are output measures.

Exhibit 4-5

Performance Indicator Types Reported in the 1997-98 Executive Budget: Tax Collection Program

Input	• 20 of 154 (13%)
Output	• 121 of 154 (79%)
Outcome	• 0 of 154 (0%)
Efficiency	• 3 of 154 (2%)
Quality	• 0 of 154 (0%)
Explanatory	• 10 of 154 (6%)

Source: Prepared by legislative auditor's staff based on analysis of information contained in the 1997-98 executive budget.

There are no outcome indicators and only three efficiency measures included for the Tax Collection Program. GASB's research recommends that more emphasis should be placed on outcome and efficiency measurement for external reporting. That is, DOR should also report measures that focus on actual results instead of simple counts of services provided by the department.

For example, the department reports an indicator for collections resulting from billing notices under Objective #8 of the Tax Collection Program. However, according to our research, a measure that reports the percentage of liabilities resolved within one year would describe how close the department came to meeting its objective of collecting delinquent taxes. This measure would also help readers to understand this aspect of the department's performance.

Public Administrators Program's Performance Data Lack Certain Elements

The 1997-98 performance data for the Public Administrators Program may not provide legislators or other users of the executive budget with useful information about the program's progress. There is no mission or goal to provide an overall purpose and sense of direction towards which the program is striving. In addition, the program's only objective is not measurable or timebound. Therefore, the performance indicators cannot measure progress toward the objective. As a result, readers of the executive budget may not be able to determine how well this program is performing or how it is using appropriated monies.

A summary of the analysis of the performance data for the Public Administrators Program is shown in Exhibit 4-6 below. The results of the program's performance are described after the exhibit. More details are also shown in Appendix D.

Exhibit 4-6

Results of Comparison of the Public Administrators Program's Performance Data to Established Criteria

Mission	• No mission is stated
Goals	• No goal is stated
Objective	• No goal to assess consistency with objective • 0 of 1 (0%) is measurable • 0 of 1 (0%) is timebound • 1 of 1 (100%) specifies an end result • 1 of 1 (100%) is multi-tiered [1]
Performance Indicators	• 0 of 6 (0%) measures progress toward the objective • 6 of 6 (100%) are consistent with the objective • 6 of 6 (100%) are clear and easily understood

[1] Although this information is not a criterion in Exhibit 4-1, we included it in this exhibit for additional information.

Source: Prepared by legislative auditor's staff from results of comparing 1997-98 executive budget performance data to the criteria in Exhibit 4-1.

Mission and Goals. The Public Administrators Program does not have a mission or a goal reported in the 1997-98 executive budget. Therefore, legislators cannot be sure of the purpose and clients of this program and may not understand the ultimate aim of the program.

OPB has addressed this issue by including a mission and goals in the 1998-99 executive budget for the program. The 1997-98 and 1998-99 operational plans did not contain missions and goals for two programs, including the Public Administrators Program. However, OPB worked with DOR to correct these deficiencies in time for the 1998-99 executive budget. In addition, DOR included a mission and goals for the Public Administrators Program in its most recent strategic plan.

Objectives. One objective that includes multiple parts was reported for the Public Administrators Program in the 1997-98 executive budget. Since the program does not contain a goal, the objective cannot be assessed for consistency with goals. Although the objective specifies a desired end result, it does not set a target for when results will be attained, nor specify a time frame for achieving them. As a result, legislators may not be able to evaluate the program's performance in meeting the state's public administration needs.

Performance Indicators. The Public Administrators Program contains six performance indicators. All of these indicators are clear and easily understood. Although all of the indicators are consistent with the objective, they do not measure progress towards the objective. This is because the objective is not measurable. When indicators do not measure progress toward objectives, users of the executive budget may not know how well the programs performed what they were supposed to accomplish.

Exhibit 4-7 on the following page shows a breakdown of the type of indicators presented in the executive budget for the Public Administrators Program. As shown in the exhibit, the Public Administrators Program's performance data did not include any input, outcome, efficiency, quality, or explanatory indicators.

Exhibit 4-7

Performance Indicator Types Reported in the 1997-98 Executive Budget: Public Administrators Program

Input	• 0 of 6 (0%)
Output	• 6 of 6 (100%)
Outcome	• 0 of 6 (0%)
Efficiency	• 0 of 6 (0%)
Quality	• 0 of 6 (0%)
Explanatory	• 0 of 6 (0%)

Source: Prepared by legislative auditor's staff based on analysis of information contained in the 1997-98 executive budget.

Alcoholic Beverage Control Program's Performance Data Need Improvement

We found that collectively, the performance data included in the 1997-98 executive budget for the Alcoholic Beverage Control Program may not enable decision-makers to determine how well the program controls the sale of alcoholic beverages. The program does not have a goal and its one objective is not measurable or timebound. As a result, the data reported in the 1997-98 executive budget may not provide legislators with adequate information to determine the effectiveness of the overall program.

Exhibit 4-8 on the following page summarizes the analysis of the performance data for the Alcoholic Beverage Control Program. The results of the analysis are described in this section. More details are shown in *Appendix D.*

Mission. The Alcoholic Beverage Control Program's mission meets all of the criteria shown in Exhibit 4-1. It identifies the purpose of the program, is organizationally acceptable, and identifies its clients. This provides legislators with information regarding the purpose and clients of this program.

Exhibit 4-8

Results of Comparison of the Alcoholic Beverage Control Program's Performance Data to Established Criteria

Mission	• Identifies purpose • Identifies clients • Is organizationally acceptable
Goals	• No goals are stated
Objective	• No goal to assess consistency with objective • 0 of 1 (0%) is measurable • 0 of 1 (0%) is timebound • 1 of 1 (100%) specifies an end result • 1 of 1 (100%) is multi-tiered [1]
Performance Indicators	• 0 of 16 (0%) measures progress toward the objective • 16 of 16 (100%) are consistent with the objective • 16 of 16 (100%) are clear and easily understood

[1] Although this information is not a criterion in Exhibit 4-1, we included it in this exhibit for additional information.

Source: Prepared by legislative auditor's staff from results of comparing 1997-98 executive budget performance data to the criteria in Exhibit 4-1.

Goals. There are no goals reported in the 1997-98 executive budget for this program. Consequently, legislators may not be provided with adequate information to make budgetary decisions. However, OPB has added a goal for this program to the 1998-99 executive budget.

Objectives. The one objective that is reported for the Alcoholic Beverage Control Program specifies a desired end result. This program does not have a goal in order to assess the objective's consistency. Even though the objective contains measurable components and target dates, it is not measurable and timebound. This is because it includes multiple components that are not measurable and timebound. According to a GASB official, objectives should cover only one area and be brief. As a result, legislators may not be able to determine the actual target and time frame for accomplishment of the objective.

Performance Indicators. The 1997-98 executive budget contains 16 performance indicators for the Alcoholic Beverage Control Program. All of the indicators are consistent with the objective and are clear and easily understandable. Despite this, none of these indicators measure progress toward the objective. This can be attributed to the lack of a measurable objective, as discussed previously. Therefore, without a measurable objective, the indicators may not provide useful information to assess program performance or allow legislators to make informed budgetary decisions.

In addition, as with the other programs, the majority (63%) of performance indicators for the Alcoholic Beverage Control Program are counts of services the program provides without accompanying measures of actual results of those services (outputs). However, the program also reported four (25%) outcome indicators. As a result, the indicators do a better job of providing a mix of data for readers of the executive budget than do the other programs. Exhibit 4-9 below provides a breakdown of the types of indicators presented in the executive budget for this program.

Exhibit 4-9

Performance Indicator Types Reported in the 1997-98 Executive Budget: Alcoholic Beverage Control Program

Input	• 0 of 16 (0%)
Output	• 10 of 16 (63%)
Outcome	• 4 of 16 (25%)
Efficiency	• 1 of 16 (6%)
Quality	• 0 of 16 (0%)
Explanatory	• 1 of 16 (6%)

Source: Prepared by legislative auditor's staff based on analysis of information contained in the 1997-98 executive budget.

Louisiana Tax Commission's Property Taxation Regulatory/ Oversight Program's Performance Data Are Incomplete

LTC's Property Taxation Regulatory/Oversight Program's 1997-98 performance data may not provide legislators or other users of the executive budget with useful information about progress made by the program. There is no mission or program goal that explains the program's overall purpose and clientele. In addition, the objectives are not measurable and timebound. This means the performance indicators cannot measure progress toward the objective. As a result, legislators may have difficulty making an informed budget decision related to the program's effort to ensure uniform property assessment values.

As discussed in Chapter 2, LTC functions as a separate budget unit from DOR's Office of Revenue. According to department officials, LTC is responsible for its own planning and budgeting. Exhibit 4-10 on the following page summarizes the results of the analysis of the performance data for LTC's Property Taxation Regulatory/Oversight Program. Results of the analysis of the program's performance are also described in this section. More details are shown in Appendix D.

Mission and Goal. LTC's Property Taxation Regulatory/Oversight Program does not have a mission or a goal reported in the 1997-98 executive budget. Therefore, legislators cannot be sure of the program's purpose, clients, and the major activities the program undertakes to accomplish its purpose.

The 1997-98 executive budget does contain a goal at the budget unit level for LTC. The Property Taxation Regulatory/Oversight Program is the only program for the LTC budget unit. Thus, we assessed the budget unit goal against the criteria in Exhibit 4-1.

The budget unit goal does provide a destination for the program to strive toward. However, it cannot provide a sense of direction on how to address the mission because there is no mission reported for the budget unit or its only program. For this reason, a user of the executive budget may not understand the purpose of the program.

OPB worked with LTC to address this matter in the 1998-99 executive budget. Although LTC's 1997-98 and 1998-99 operational plans did not report a mission at either the budget unit or program levels, OPB included missions and goals at both the budget unit level and the program level in the 1998-99 budget document.

Exhibit 4-10

Results of Comparison of LTC's Property Taxation Regulatory/Oversight Program's Performance Data to Established Criteria

Mission	• No mission is stated

Goals	• No goals are stated at program level
	• Budget unit level goal
	  • No mission to assess consistency with goal
	  • No mission to determine if goal provides a sense of direction to address the mission

Objective	• 4 of 4 (100%) are consistent with goal • 0 of 4 (0%) is measurable • 0 of 4 (0%) is timebound • 4 of 4 (100%) specify an end result • 3 of 4 (75%) are multi-tiered [1]
Performance Indicators	• 0 of 41 (0%) measures progress toward the objective • 35 of 41 (85%) are consistent with the objective • 40 of 41 (98%) are clear and easily understood

[1] Although this information is not a criterion in Exhibit 4-1, we included it in this exhibit for additional information.

Source: Prepared by legislative auditor's staff from results of comparing 1997-98 executive budget performance data to the criteria in Exhibit 4-1.

Objectives. LTC included four objectives for the Property Taxation Regulatory/Oversight Program in the 1997-98 executive budget. All four objectives are consistent with LTC's budget unit goal. In addition, all the objectives specify a desired end result.

None of the objectives are measurable and specify a time frame for achievement. As with the other programs, three-fourths of the objectives are multi-tiered. That is, the objectives contain multiple parts and are lengthy. Without measurable and timebound objectives, users of the budget may not be able to determine what the program is expected to accomplish within a certain time frame. When objectives contain multiple parts or topics, it may not be possible to determine which of the target areas are being addressed by the related indicators.

As noted previously, LTC's Property Taxation Regulatory/Oversight Program contains all new objectives in the 1998-99 executive budget. These objectives appear to be more concise. However, it was not within the scope of this audit to evaluate the adequacy of the new information against the criteria in Exhibit 4-1. We simply noted an apparent improvement in the format of the information.

Performance Indicators. LTC's Property Taxation Regulatory/Oversight Program contains 41 performance indicators reported in the 1997-98 executive budget. Almost all of the 41 indicators are clear and easily understood (98%). In addition, 85% of the indicators (35 of 41) are consistent with objectives. The remaining six indicators do not have an objective to assess consistency, as shown in Appendix D, page 17.

Similar to the other programs, this program does not have any performance indicators that measure progress toward the objective. This is because the associated objectives are not measurable and contain multiple tiers.

LTC's Property Taxation Regulatory/Oversight Program contains a mix of performance indicators. Exhibit 4-11 on the following page shows a breakdown of the types of indicators presented in the executive budget for this program.

However, as shown in Exhibit 4-11, almost half of the indicators are outputs that simply provide counts of services instead of focusing on actual results. There are also no efficiency measures. The outcome measures do not show tax roll uniformity of assessment, a major program objective.

Exhibit 4-11

Performance Indicator Types Reported in the 1997-98 Executive Budget: LTC's Property Taxation Regulatory/Oversight Program

Input	• 5 of 41 (12%)
Output	• 20 of 41 (49%)
Outcome	• 7 of 41 (17%)
Efficiency	• 0 of 41 (0%)
Quality	• 1 of 41 (2%)
Explanatory	• 8 of 41 (20%)

Source: Prepared by legislative auditor's staff based on analysis of information contained in the 1997-98 executive budget.

In contrast, other states do report outcome oriented measures relating to tax roll uniformity of assessment. For example, according to our research, the State of Florida's Department of Revenue's Property Tax Administration Program's budget request for 1997-98 includes two outcome measures of tax roll uniformity of assessment in the individual counties. The Florida program is also planning to include an overall performance measure on the statewide tax roll level of assessment. These outcome measures are listed below:

- Percent of classes studied found to have a level of at least 90%
- Tax roll uniformity (average for coefficient of dispersion)
- Statewide (weighted) average level of property assessment

As a result of the lack of variety in the types and quality of indicators reported, readers of the executive budget are not receiving a complete view of the impact, effectiveness, or efficiency of the program.

Recommendations

4.5 DOR, LTC, OPB, and House Appropriations Committee staff should continue to work together to ensure that missions are included in future executive budgets and that they are organizationally acceptable, as well as identify an overall purpose and client groups.

4.6 DOR, LTC, OPB, and House Appropriations Committee staff should work on creating goals that provide a sense of direction on how the program will address the mission. They should also continue to work together to ensure that goals continue to be consistent with program missions.

4.7 DOR, LTC, OPB, and House Appropriations Committee staff should work on creating measurable and timebound objectives. This should include working toward eliminating objectives that address multiple topics. They should also continue to work together to ensure that objectives are consistent with goals and specify desired end results.

4.8 DOR, LTC, OPB, and House Appropriations Committee staff should work together to create performance indicators that measure progress toward the objective. This should be accomplished by the development of measurable objectives. They should also continue to work together to ensure that performance indicators continue to be consistent with objectives and are easy to understand.

4.9 DOR, LTC, OPB, and House Appropriations Committee staff should work together to create sets of performance indicators for all objectives that contain a balanced mix of indicator types.

Appendix A

List of Publications Used

Appendix A: List of Publications Used

California, State of--California State Auditor. *California Conservation Corps: Further Revisions Would Improve Its Performance-Based Budgeting Plan.* October 1996.

Canadian Comprehensive Auditing Foundation. *Effectiveness: Reporting and Auditing in the Public Sector.* 1987.

Canadian Comprehensive Auditing Foundation. *Reporting and Auditing Effectiveness: Putting Theory Into Practice.* 1993.

Craymer, Dale K. and Albert Hawkins. *Texas Tomorrow: Strategic Planning and Performance Budgeting.* October 1993.

Florida, State of--Office of Program Policy Analysis and Government Accountability. *Review of the Performance of the Department of Revenue's Property Tax Administration Program Based on Performance-Based Budgeting Measures and Standards for Fiscal Year 1996-97.* March 1998.

Florida, State of--Office of Program Policy Analysis and Government Accountability. *Review of the Fiscal Year 1995-96 Performance of the Department of Revenue's General Tax Administration Program Compared to General Appropriations Act Performance Standards.* February 1997.

Florida, State of--Office of Program Policy Analysis and Government Accountability. *Review of the Fiscal Year 1995-96 Performance of the Department of Revenue's Property Tax Administration Program Compared to General Appropriations Act Performance Standards.* February 1997.

Governmental Accounting Standards Board. *Service Efforts and Accomplishments Reporting: Its Time Has Come--An Overview.* September 1990.

Louisiana, State of--Louisiana Department of Revenue and Taxation. *Louisiana Tax Guide.* February 1996.

Louisiana, State of--Department of Revenue and Taxation. *53rd Annual Report 1995-96.* Published in April 1997.

Louisiana, State of--Department of Revenue. *54th Annual Report 1996-97.* Published in May 1998.

Louisiana, State of--House Legislative Services. *State and Local Government in Louisiana: An Overview.* December 1995.

Louisiana, State of--Office of Legislative Auditor. *Boards, Commissions, and Like Entities Report to the Legislature.* April 1997.

Louisiana, State of--Office of Legislative Auditor. *Louisiana's Planning, Budgeting, and Program Evaluation System.* February 1995.

Louisiana, State of--Office of Planning and Budget, Division of Administration. *Manageware: A Practical Guide to Managing for Results.* January 1996.

Louisiana, State of--Office of Planning and Budget, Division of Administration. *Manageware: Strategic Management Manual for the State of Louisiana.* November 1991.

Louisiana, State of--Office of Planning and Budget, Division of Administration. *State of the State 1996.*

Lyndon B. Johnson School of Public Affairs/The University of Texas at Austin. *Managing for Results: Performance Measures in Government.* Conference Proceedings. March 1994.

Minnesota, State of--Department of Revenue. *1994 Annual Performance Report.* September 1994.

Minnesota, State of--Department of Revenue. *1996 Agency Performance Report.* November 1996.

Minnesota, State of--Office of the Legislative Auditor. *Comments on the 1994 Annual Performance Report of the Department of Revenue.* January 1995.

Minnesota, State of--Office of the Legislative Auditor. *Comments on the Department of Revenue's 1996 Biennial Performance Report.* January 1997.

Minnesota, State of--Office of the Legislative Auditor. *Development and Use of the 1994 Agency Performance Reports.* July 1995

Oregon, State of--Secretary of State Audits Division. *Service Efforts and Accomplishments.* (Report No. 95-33) August 31, 1995.

Portland-Multnomah County Progress Board. *Portland-Multnomah County Benchmarks - Standards for Measuring Community Progress and Government Performance.* January 1994.

Texas, State of--Governor's Office of Budget and Planning. *Instructions for Preparing and Submitting Agency Strategic Plans for the 1992-1998 Period.* January 1992.

Texas, State of--Governor's Office of Budget and Planning. *Detailed Instructions for Preparing and Submitting Requests for Legislative Appropriations for the Biennium Beginning September 1, 1993 - Executive, Administrative, Human Service and Selected Public Education Agencies.* June 1992.

Texas, State of--State Auditor's Office. *Accurate and Appropriate Performance Measures Are the Foundation of Tomorrow's Texas.* February 1992.

Texas, State of--State Auditor's Office. *Accurate and Appropriate Performance Measures Are the Foundation of Tomorrow's Texas.* June 1992.

United States General Accounting Office, Comptroller General of the United States. Executive Guide: *Effectively Implementing the Government Performance and Results Act.* June 1996.

Wyoming, State of--Department of Audit-Public Funds Division. *Performance Measures Audit Department of Revenue FYE June 30, 1997.* October 1997.

Wyoming, State of--Department of Revenue. *Agency Strategic Plan, July 1, 1998 through June 30, 2002.* August 1997.

Wyoming, State of--Legislative Service Office. *Department of Revenue (DOR) Reorganization Plan.* 1990.

Appendix B

Boards, Commissions, and Like Entities

Appendix B: Boards, Commissions, and Like Entities

Name of Board, Commission, or Like Entity	Legal Authority	Purpose/Function
Boards, Commissions, and Like Entities Within DOR		
1. Louisiana Tax Free Shopping Commission	R.S. 51:1304	Established to promulgate regulations for the operation of a sales tax refund program for the purchases of tangible personal property by international travelers in which the traveler, the participating retailer, and the refunding agency have clear and simple roles in the refund process with adequate internal accounting controls in place.
Boards, Commissions, and Like Entities That Includes DOR as a Member		
2. Louisiana Advisory Commission on Intergovernmental Relations	R.S. 24:802	Study and report on the existing, necessary, and desirable relationship between and among local governments and the state, allocation of state and local fiscal resources, and the role of the state as the creator of the local governmental systems, as well as other information relating to local government. The secretary of DOR is a member of the committee.
3. Louisiana Data Base Commission	R.S. 39:291	DOR is a member of the commission which is to identify the policy and planning data needs of the state, to provide for a catalogue maintained in electronic format of data bases in the state, and to coordinate mutual data base needs of the state.
4. Louisiana Gaming Control Board	R.S. 27:11	The secretary of the DOR is an ex officio member of the board, which has all regulatory authority, control, and jurisdiction, including investigation, licensing, and enforcement, and all power incidental or necessary to such regulatory authority, control, and jurisdiction over all aspects of gaming activities and operations as specified in law.
5. Louisiana Motor Carrier Advisory Committee	R.S. 40:1486.1	DOR is a member of the committee, which is created for the purpose of providing advice, consultation, and recommendations to those state agencies authorized to regulate, license, and tax the motor carrier industry.

	Name of Board, Commission, or Like Entity	Legal Authority	Purpose/Function
6.	Louisiana Real Estate Investment Trust Association	R.S. 12:492	The collector of revenue is an ex officio member of the association. The association is to implement and help administer the rules and regulations prescribed by the secretary of state, the commissioner of securities and the collector of revenue and to insure compliance with the provisions of Part IV (Real Estate Investment Trusts), the treasury regulations and other provisions of law in keeping with the public interest.
	Boards, Commissions, and Like Entities That Relate to Taxes Collected and Administered by DOR		
7.	Beauregard Parish Community Improvement Board	R.S. 47:302.24	Administers and distributes for capital improvements in Beauregard Parish certain appropriated sales tax monies collected by DOR and deposited into the Beauregard Parish Community Improvement Fund.
8.	Board of Tax Appeals	R.S. 47:1401	Created as an independent agency in the executive department to act as an appeal board to hear and decide, at a minimum of expense to the taxpayer, questions of law and fact arising from disputes or controversies between a taxpayer and the collector of revenue of the State of Louisiana in the enforcement of any tax, excise, license, permit or other tax law administered by the collector.
9.	Ernest N. Moral - New Orleans Exhibition Authority, Board of Commissioners	Act 305 of 1978, Act 572 of 1984, and Act 1013 of 1993	Acquire, construct, reconstruct, extend, improve, maintain, and operate projects within the city of New Orleans to promote the economic growth and development of the city and its neighboring parishes. DOR is under contract to collect a hotel occupancy tax for the Authority.
10.	Louisiana Association of Tax Administrators	Industry Group	Assists state and local tax administrators in the exchange of information and encourages uniformity in laws, regulations, and administration; more efficient operation of local tax offices, and increased efficiency of each state and local tax administrator.

	Name of Board, Commission, or Like Entity	Legal Authority	Purpose/Function
11.	Louisiana Recovery District, Board of Directors*	R.S. 39:2004	Assist the state in the reduction of its deficit and provide monies to the state to alleviate cash flow imbalances and assist other public bodies in similar matters. DOR collects the one percent sales and use tax the District is authorized to levy.
12.	Louisiana Stadium and Exposition District, Board of Commissioners	Act 541 of 1976 and the Louisiana Constitution of 1921 Art. XIV, Sec. 47	Plan, finance, construct, develop, maintain, and operate facilities to be located within the District to accommodate the holding of sports events, athletic contests, and other events of public interest. DOR is under contract to collect a hotel occupancy tax for the District.
13.	Sales and Use Tax Commission	R.S. 47:302 (K)(6)	Advise and assist DOR on the implementation of a sales and use tax on out-of-state catalog merchants pursuant to Act 18 of 1994. DOR is to also keep the commission informed of collection and distribution of the taxes collected.
14.	Vernon Parish Community Improvement Board	R.S. 47:302.5 and 47:332.3	Administers and distributes for capital improvements in Vernon Parish certain appropriated sales tax monies collected by DOR and deposited into the Vernon Parish Community Improvement Fund.
15.	Winnfield Museum Board	R.S. 47:302.16	Receives certain appropriated sales tax monies collected by DOR and deposited into the Winn Parish Tourism Fund.
Boards, Commissions, and Like Entities That Relate to Ad Valorem Taxes Supervised by the Louisiana Tax Commission			
16.	Assessors' Certification Program Committee	R.S. 47:1907	LTC appoints one member of the assessors' certification program committee, which was created to govern the assessors' professional certification program. This program was established to formalize and recognize the professional standards of assessors engaged in the assessment of property for ad valorem taxation purposes in this state. The program is to ensure compliance with the requirements of the constitution and laws of the state governing the assessment of property and to ensure the citizens and taxpayers of the state that property will be assessed fairly and equitably.

Name of Board, Commission, or Like Entity	Legal Authority	Purpose/Function
17. Board of Assessors for Orleans Parish	Louisiana Constitution of 1974, Art. 7, Sec. 24; R.S. 47:1909; and 47:1925.2	The executive office of the assessment district for the parish of Orleans, composed of the seven assessors in New Orleans. Each assessor independently assesses and lists property in and for his respective district within the parish.
18. Louisiana Assessors' Association	Industry Group	Provides a focal point for all assessors in the State of Louisiana so that assessors may act as a unit to obtain the objectives of the organization relating to assessment standards and uniform assessment practices as well as the assessors' fringe benefits.
19. Parish Board of Reviewers	R.S. 47:1931	Reviews the accuracy of the assessors' assessments in each parish throughout the state. In each parish, except the parish of Orleans, the assessor acts in a nonvoting advisory capacity to the board of review during the hearings on cases involving assessments of property.

*This board ceased to exist as of September 30, 1996, when all bonds were retired.

Note: Some of the boards, commissions, and like entities listed may be political subdivisions, to which R.S. 24:522 (Louisiana Performance Audit Program) does not apply. These types of boards, commissions, and like entities are listed for informational purposes only.

Source: Prepared by legislative auditor's staff using the following sources:

- Legislative Auditor's Policy and Quality Assurance Section April 1997, *Boards, Commissions, and Like Entities Report to the Legislature*
- DOR's organization chart
- Legislative Auditor's staff review of laws relating to DOR

Appendix C

Fiscal Year 1996-97 Revenues Collected by the Department of Revenue

Appendix C: Fiscal Year 1996-97 Revenues Collected by Department of Revenue

	Revenues Collected for Fiscal Year 1996-1997	Legal Authority
	State Revenues	
1.	Alcoholic Beverage Tax	R.S. 26:341 *et seq.*
2.	Automobile Rental Excise Tax	R.S. 47:551
3.	Beer Tax	R.S. 26:342 *et seq.*
4.	Contractor Fee and Bond for Nonresidents	R.S. 47:9
5.	Corporation Franchise Tax	R.S. 47:601
6.	Electrical Cooperative Fee	R.S. 12:425
7.	Fiduciary Income Tax	R.S. 47:162
8.	Gasoline and Motor Fuels Tax	R.S. 47:711 and 47:820.1
9.	General Severance Tax	R.S. 47:631
10.	Gift Tax	R.S. 47:1201
11.	Hazardous Liquid Pipeline Fee	R.S. 30:706 and 30:707
12.	Hazardous Waste Disposal Tax	R.S. 47:822
13.	Income Tax - Corporation (includes declaration)	R.S. 47:287.11 and 47:287.654
14.	Income Tax - Individual (includes withholding and declaration)	R.S. 47:31, 47:112, and 47:116
15.	Inheritance and Estate Transfer Tax	R.S. 47:2401, 47:2417 and 47:2431
16.	Inspection and Supervision Fee (public utilities and carriers)	R.S. 45:1177
17.	Inspection Fee Petroleum Product 1/32 cent	R.S. 51:792
18.	Marijuana and Controlled Dangerous Substances Tax	R.S. 47:2601 *et seq.*
19.	Master Meter Safety Inspection Fee	R.S. 30:560 and 30:561
20.	Natural Gas Franchise Tax	R.S. 47:1031
21.	Oil Spill Contingency Fee	R.S. 30:2485 and 30:2486
22.	Oilfield Site Restoration Fee - Gas	R.S. 30:87 *et seq.*
23.	Oilfield Site Restoration Fee - Oil	R.S. 30:87 *et seq.*
24.	Pipeline Safety and Odorization Fee	R.S. 30:560 and 30:561
25.	Retail Alcoholic Beverage Tax[1]	R.S. 26:431 *et seq.*
26.	Sales - Louisiana General	R.S. 47:302 *et seq.*
27.	Soft Drinks Tax[2]	R.S. 47:881
28.	Special Fuels Tax	R.S. 47:802 and 47:820.1
29.	Surface Mining and Reclamation Fee	R.S. 30:906.1 and 30:906.2
30.	Telecommunication Tax for the Deaf	R.S. 47:1061
31.	Tobacco Permit Fee	R.S. 47:844
32.	Tobacco Tax	R.S. 47:869
33.	Transportation and Communication Utilities Tax	R.S. 47:1001
34.	Unclaimed Property	R.S. 9:153 *et seq.*

[1] Repealed by Act 855 of the Regular Session of the Louisiana Legislature of 1985, effective January 1, 1986. Collections are for payments of delinquent tax liabilities.
[2] Repealed by Act 203 of 1993, effective February 1, 1997.

	Revenues Collected for Fiscal Year 1996-1997	Legal Authority
	Other Taxes and Collections	
35.	Alcohol and Drug Abuse Treatment Donation	R.S. 47:120.38
36.	Alcoholic Beverage Commission Permit Fee	R.S. 26:71
37.	Catalog Sales - Act 18	R.S. 47:302(K)
38.	Children's Trust Fund Donation	R.S. 47:120.35
39.	Drug Enforcement and Recovery Fund Donation	R.S. 47:120.31
40.	Economics and Rate Analysis Division and Hearing Examiners Division Supplemental Fee	R.S. 45:1177.1
41.	Ernest N. Morial New Orleans Exhibition Hall Authority Food and Beverage Tax	Act 390 of 1987
42.	Ernest N. Morial New Orleans Exhibition Hall Authority Hotel Occupancy Tax	Act 305 of 1978, Act 572 of 1984, Act 1013 of 1993
43.	Ernest N. Morial New Orleans Exhibition Hall Authority Tour Tax	Act 13 and Act 42 of 1994
44.	Gasoline and Motor Fuels - Port of New Orleans 9/20 cent	R.S. 47:727
45.	Hazardous Waste Site Cleanup Fund	R.S. 30:2205 *et seq.*
46.	Literacy Fund Donations	R.S. 47:120.33
47.	Louisiana Operation Game Thief Checkoff Fund	R.S. 47:120.40
48.	Louisiana Senior Citizens Trust Fund Donation	R.S. 47:120.42
49.	Louisiana Special Olympics Checkoff Fund	R.S. 47:120.39
50.	Louisiana Stadium and Exposition District Hotel Occupancy Tax	The Louisiana Constitution of 1921 Art. 14, Sec. 47, Act 541 of 1976
51.	Refund Offset Fund	R.S. 47:299.20
52.	Sales - Acadia Parish Visitor Enterprise Fund	R.S. 47:302.22
53.	Sales - Alexandria/Pineville Area Tourism Fund	R.S. 47:302.30
54.	Sales - Alexandria/Pineville Exhibition Hall	R.S. 47:302.30
55.	Sales - Ascension Parish Visitor Enterprise Fund	R.S. 47:302.21
56.	Sales - Aviation Fuel	The Louisiana Constitution of 1974 Art. 7, Sec. 27(B)
57.	Sales - Avoyelles Parish Visitor Enterprise Fund	R.S. 47:302.6 and 47:332.21
58.	Sales - Beauregard Parish Community Improvement Fund	R.S. 47:302.24 and 47:332.12
59.	Sales - Bossier City Riverfront and Civic Center Fund	R.S. 47:302.3 and 47:332.7
60.	Sales - Calcasieu Visitor Enterprise Fund	R.S. 47:302.14
61.	Sales - Cameron Parish Tourism Development Fund	R.S. 47:302.25
62.	Sales - East Baton Rouge Parish Community Improvement Fund	R.S. 47:302.29
63.	Sales - East Baton Rouge Parish Riverside Centroplex Fund	R.S. 47:332.2
64.	Sales - Houma/Terrebonne Tourist Fund	R.S. 47:302.20
65.	Sales - Iberia Parish Tourist Commission Fund	R.S. 47:302.13
66.	Sales - Iberville Parish Visitor Enterprise Fund	R.S. 47:332.18
67.	Sales - Jefferson Parish Convention Center Fund – East	R.S. 47:332.1
68.	Sales - Jefferson Parish Convention Center Fund – Kenner	R.S. 47:332.1
69.	Sales - Jefferson Parish Convention Center Fund – West	R.S. 47:332.1
70.	Sales - Lafayette Parish Visitor Enterprise Fund	R.S. 47:302.18 and 47:332.9
71.	Sales - Lafourche Parish Enterprise Fund	R.S. 47:302.19

	Revenues Collected for Fiscal Year 1996-1997	Legal Authority
	Other Taxes and Collections (Cont.)	
72.	Sales - Lincoln Parish Visitor Enterprise Fund	R.S. 47:302.8
73.	Sales - Louisiana Tourism Promotion District	R.S. 51:1286
74.	Sales - Madison and Richland Parishes Visitor Enterprise Fund	R.S. 47:302.4
75.	Sales - Monroe - Garrett Road Economic Development	Coöperative endeavor agreements authorized in R.S. 33:9029.2 and 33:9033 [3]
76.	Sales - Monroe - Tower Drive Economic Development	
77.	Sales - Morehouse Parish Visitor Enterprise Fund	R.S. 47:302.9
78.	Sales - Natchitoches Convention Facility Fund	R.S. 47:332.5
79.	Sales - Natchitoches Parish Visitor Enterprise Fund	R.S. 47:302.10
80.	Sales - New Orleans Metropolitan Convention and Visitors Bureau Fund	R.S. 47:332.10
81.	Sales - Old City Hall-City Market in Opelousas[4]	R.S. 47:332.20
82.	Sales - Ouachita Parish Visitor Enterprise Fund	R.S. 47:302.7 and 47:332.16
83.	Sales - Pointe Coupee Parish Visitor Enterprise Fund	R.S. 47:302.28 and 47:332.17
84.	Sales - Rapides Parish Economic Development Fund	R.S. 47:302.30
85.	Sales - Shreveport Riverfront and Convention Center Fund	R.S. 47:302.2 and 47:332.6
86.	Sales - St. Bernard Parish Enterprise Fund	R.S. 47:332.22
87.	Sales - St. Charles Parish Enterprise Fund	R.S. 47:302.11 and 47:332.24
88.	Sales - St. John the Baptist Convention Facility Fund	R.S. 47:332.4
89.	Sales - St. Landry Parish Tourist Commission[4]	R.S. 47:332.20
90.	Sales - St. Martin Parish Enterprise Fund	R.S. 47:302.27
91.	Sales - St. Tammany Parish Tourist Commission Fund	R.S. 47:302.26 and 47:332.13
92.	Sales - Tangipahoa Parish Tourist Commission Fund	R.S. 47:302.17 and 47:332.14
93.	Sales - Vermilion Parish Visitor Enterprise Fund	R.S. 47:302.23 and 47:332.11
94.	Sales - Vernon Parish Community Improvement Fund	R.S. 47:302.5 and 47:332.3
95.	Sales - Washington Convention Facility Fund	R.S. 47:332.8
96.	Sales - Washington Parish Tourist Commission Fund	R.S. 47:332.8
97.	Sales - Webster Parish Convention and Visitors Bureau Fund	R.S. 47:302.15
98.	Sales - West Baton Rouge Parish Visitor Enterprise Fund	R.S. 47:332.19
99.	Sales - West Calcasieu Community Center Fund	R.S. 47:302.12
100.	Sales - Winn Parish Tourism Fund	R.S. 47:302.16
101.	Sales - Workforce Development and Training Fund	R.S. 47:318
102.	Self Generated Fees - Hotel Occupancy Tax	Louisiana Constitution of 1921 Art. 14, Sec. 47; Act 541 of 1976; Act 305 of 1978; Act 572 of 1984; and Act 1013 of 1993
103.	Self Generated Fees - Parish and Municipal Beer Tax	R.S. 26:492(A)
104.	United States Olympics Committee Checkoff Fund	R.S. 47:120.53

[3] As discussed further in Chapter 1, additional study is needed to determine how the department carries out these agreements.

[4] According to state law, both these dedications are initially paid into the St. Landry Parish Historical Development Fund No. 1 in the state treasury.

	Revenues Collected for Fiscal Year 1996-1997	Legal Authority
	Other Taxes and Collections (Cont.)	
105.	Utility and Carrier Inspection and Supervision Fund	R.S. 45:1177
106.	Victims of Family Violence Checkoff Fund	R.S. 47:120.32

Source: Prepared by legislative auditor's staff using the following sources:

- State of Louisiana, Department of Revenue, 54th Annual Report 1996-97. Comparative Revenues.
- State of Louisiana, Department of Revenue and Taxation and Louisiana Tax Commission, Annual Financial Report. June 30, 1997. Schedule 4 - Schedule of Non-Appropriated Funds (Major State Revenues and Income Not Available) and Schedule of Agency Funds
- Louisiana Tax Guide. February 1996. A Publication of the Louisiana Department of Revenue and Taxation.
- Inquiry with department officials
- Legislative Auditor's staff review of laws relating to DOR

Appendix D

Department of Revenue's 1997-98 Executive Budget Performance Data Analysis

Appendix D: Department of Revenue's Performance Data Analysis

Department of Revenue (0 missions, 0 goals)
Mission: No mission is reported for this department.
Goals: No goals are reported for this department.
Note: Objectives and **Performance Indicators** are provided only at the program level. **Source:** Prepared by legislative auditor's staff from comparison of 1997-98 executive budget performance data with criteria listed in Exhibit 4-1.

Budget Unit: Office of Revenue (12-440)

(0 missions, 0 goals)

Mission:

No mission is reported for this budget unit.

Goals:

No goals are reported for this budget unit.

Note: Objectives and **Performance Indicators** are provided only at the program level.

Source: Prepared by legislative auditor's staff from comparison of 1997-98 executive budget performance data with criteria listed in Exhibit 4-1.

Budget Unit: Office of Revenue (12-440)

Program A: Tax Collection

(1 mission, 3 goals, 8 objectives, 154 performance indicators)

Mission:

To serve the citizens of Louisiana by efficiently collecting the state's tax revenue in a manner that will generate the highest degree of public confidence in the department's integrity and fairness.

- Mission meets 3 of 3 core criteria (100%): *identifies purpose, identifies clients, is organizationally acceptable*

Goals:

Goal # 1: The achievement of: the highest degree of voluntary compliance.

Goal # 2: The achievement of: an effective, efficient, and modern department.

Goal # 3: The achievement of: customer-driven service.

- Goals (3) meet the criteria as follows:
  - 3 (100%) *are consistent with the mission*
  - 0 (0%) *gives a direction and destination*

Objectives and Performance Indicators:

Objective #1: The Tax Collection program will continue the current level of tax processing, reduce processing time, and reduce volume of paper returns by 10% (between 1996 and 2000 levels) by re-engineering processing systems; entering returns using electronic scanning equipment; using high-tech mail handling equipment; using mainframe laser printers to print department forms; accepting electronically and other nontraditionally filed returns and electronic tax payments; expanding use of magnetic-media as a method of filing and reporting by taxpayers; and processing payments through a rapid-deposit system.

- ➢ Indicator #1: Number of Documents/Returns Scanned - Activity 8 (output)
- ➢ Indicator #2: Number of Documents/Returns Keyed - Activity 8 (output)
- ➢ Indicator #3: Number of Income Tax Returns Filed Electronically - Activity 6 (output)
- ➢ Indicator #4: Number of Income Tax Returns Filed by Telephone - Activity 6 (Pilot Year was FY 1995-96) (output)
- ➢ Indicator #5: Pieces of Mail Processed - Outgoing - Activity 1 (output)
- ➢ Indicator #6: Pieces of Mail Processed - Incoming - Activity 8 (output)

Budget Unit: Office of Revenue (12-440)

Program A: Tax Collection (Cont.)

Objectives and Performance Indicators: (Cont.)

- Indicator #7: Number of Tax Forms Distributed - Activities 1, 4, & 13 (output)
- Indicator #8: Electronic Funds Transfer (EFT) (Effective October 1, 1993): Number of EFT Accounts - Activities 2, 4, & 6 (input)
- Indicator #9: Electronic Funds Transfer (EFT) (Effective October 1, 1993): Number of EFT Payments - Activities 2 & 6 (output)
- Indicator #10: Electronic Funds Transfer (EFT) (Effective October 1, 1993): Total EFT Payments Transferred (In Millions - Activities 2 & 4) (output)
- Indicator #11: Number of Returns Filed: Corporate Income and Franchise Tax - Activities 8 & 12 (output)
- Indicator #12: Number of Returns Filed: Excise Taxes - Activities 8 & 11 (output)
- Indicator #13: Number of Returns Filed: Individual Income Tax - Activities 8 & 12 (output)
- Indicator #14: Number of Returns Filed: Income Tax Withholding - Activities 8 & 12 (output)
- Indicator #15: Number of Returns filed: Sales Tax - Activities 8 & 14 (output)
- Indicator #16: Number of Returns Filed: Severance Tax - Oil - Activities 8 & 15 (output)
- Indicator #17: Number of Returns Filed: Severance Tax - Gas - Activities 8 & 15 (output)
- Indicator #18: Number of Returns Filed: Miscellaneous Other - Activities 8 & Various (output)
- Indicator #19: Number of Returns Filed: Total Returns Filed (output)
- Indicator #20: Number of Filings Received on Magnetic Media - Activity 4 (output)
- Indicator #21: Number of Form Impressions Produced on Laser Printers - Activities 4 & 13 (output)
- Indicator #22: Number of Payments Made Through Rapid-Deposit System - Activities 2 & 8 (output)
- Indicator #23: Number of Taxes or Systems To Be Converted To New Computer System (output)
- Indicator #24: [1]Two systems are registration and compliance (explanatory)
- Indicator #25: **Outcome Indicator:** In FY 1995-96, more than 49% of the taxes collected from business taxpayers (compared to 44% in FY 1994-95) was deposited electronically, thus expediting the receipt of funds by four days. (output)
- Indicator #26: **Outcome Indicator:** Currently, 90% of the 912,000 sales tax returns, 85% of the 592,000 withholding tax returns, and 65% of the 1,617,000 individual income tax returns are being scanned electronically. (output)

Budget Unit: Office of Revenue (12-440)

Program A: Tax Collection (Cont.)

Objectives and Performance Indicators: (Cont.)

- Indicator #27: **Outcome Indicator:** In FY 1995-96, over 74% of the 2,231,000 payments received were processed through the Remittance Processing System (compared to over 58% of the 2,132,000 payments received in FY 1994-95). (output)
- Indicator #28: Department of Revenue and Taxation, Total Collections and Cost to Collect Taxes: Total Collections (In Millions) (output)
- Indicator #29: Department of Revenue and Taxation, Total Collections and Cost to Collect Taxes: Percentage Change (output)
- Indicator #30: Department of Revenue and Taxation, Total Collections and Cost to Collect Taxes: Total Number of Employees (T.O.) (input)
- Indicator #31: Department of Revenue and Taxation, Total Collections and Cost to Collect Taxes: Cost Per $100 Collected (efficiency)
- Indicator #32: [1]For FY 1988-89, additional legislative suspensions to the state sales tax contributed to the increase in total net collections. Also, changes in the federal income tax law produced higher income tax collections at the state level. (explanatory)
- Indicator #33: The 90% accuracy rate of this entry method (electronic scanning) eliminates the need for data keying and the accompanying manual processing for these returns. (explanatory)

Objective #2: The Tax Collection Program will reduce the amount of paper handled by 10% (between 1996 and 2000) by providing on-line correction ability in regional offices, using electronic imaging equipment to capture and retrieve documents, and transmitting intradepartmental correspondence via electronic mail.

- Indicator #1: Number of On-Line Transactions - Activities 4 & Various (output)
- Indicator #2: Number of Documents Stored as Electronic Images - Activities 4 & 8 (output)
- Indicator #3: Number of Pages Stored as Electronic Images - Activities 4 & 8 (output)
- Indicator #4: Total Number of Taxpayer Correspondence/Opinion Letters - Various Activities (output)
- Indicator #5: Number of Electronic Mail Users - Activity 4 (output)

Objective #3: The Tax Collection Program will implement new customer-service programs, such as fax-on-demand system, speakers' bureau, interactive voice-response telephone systems, and a taxpayer outreach program.

- Indicator #1: Taxpayer Outreach Program - Number of Seminars - Activities 13, 18, & Various (output)
- Indicator #2: Number of Interactive Voice Response Telephone Calls - Activities 6 & 4 (output)
- Indicator #3: Number of Fax-on-Demand Calls - Activities 6 & 13 [1] (output)
- Indicator #4: Total Number of Incoming Telephone Calls - Various Activities (output)
- Indicator #5: Number of New Business Registrations - Activity 8 (output)

Budget Unit: Office of Revenue (12-440)

Program A: Tax Collection (Cont.)

Objectives and Performance Indicators: (Cont.)

- Indicator #6: Fax Link, a fax-on-demand system, is a new service that went on-line in November 1996. This system allows taxpayers and tax preparers to request, via an automated telephone system, a fax copy of various tax forms and other documents that can be requested and received 24 hours a day. This program is expected to grow to include additional tax and registration forms, tax laws and regulations, and other informational publication. Providing needed tax forms via this method is cost-effective for the department because it eliminates personnel and mail-handling costs. It also better serves customers by making instructions and some forms available for receipt at any time of the day or night. Scannable forms are not faxable due to process requirements. (explanatory)

Objective #4: The Tax Collection Program will improve employee efficiency by developing local area network applications and expanding employee training and development. (Activities 3, 4, 13, and Various).

- Indicator #1: Number of Local/Wide Area (LAN/WAN) Network Users (output)
- Indicator #2: Number of LAN Applications (Including CD ROMs) (output)
- Indicator #3: Number of Employee Training Hours (output)

Objective #5: The Tax Collection Program will reduce the taxpayer burden of department procedures by simplifying tax forms, returns, and instructions and by automating issuance of tax clearances. (Activities 4, 7, 13, & 18).

- Indicator #1: Number of Tax Forms and Returns Revised/Simplified (output)
- Indicator #2: Number of Tax Clearances Reviewed (output)

Objective #6: The Tax Collection Program will continue existing taxpayer education programs and increase taxpayer education efforts by expanding types and availability of seminars, increasing dissemination of tax publications, and increasing taxpayer-sensitive news articles. (Activities 6, 10-16, 18 & 19).

- Indicator #1: Taxpayer Seminars (No. of Attenders x No. of Days) (output)
- Indicator #2: Percentage Increase in Taxpayer Education Efforts Since 1994 (output)
- Indicator #3: Number of Tax Publications Disseminated: Tax Topics (Quarterly Newsletter) (output)
- Indicator #4: Number of Tax Publications Disseminated: Tax Exemption Budget (output)
- Indicator #5: Number of Tax Publications Disseminated: Department of Revenue and Taxation Annual Report (output)
- Indicator #6: Number of Tax Publications Disseminated: Tax Laws and Regulations (output)
- Indicator #7: Number of Tax Publications Disseminated: Miscellaneous Publications (output)

Budget Unit: Office of Revenue (12-440)

Program A: Tax Collection (Cont.)

Objectives and Performance Indicators: (Cont.)

Objective #7: The Tax Collection Program will continue existing audit level and expand audit coverage by conducting audits of taxpayers, participating in joint audits with other taxing authorities, and participating in the International Fuel Tax Agreement. (Activities 10-16, 18 & 19).

- Indicator #1: Number of Joint Field Audits (output)
- Indicator #2: Audit Collections - In-House Audit Staff: Excise Tax Division (output)
- Indicator #3: Audit Collections - In-House Audit Staff: Income Tax Division (output)
- Indicator #4: Audit Collections - In-House Audit Staff: Sales Tax Division (output)
- Indicator #5: Audit Collections - In-House Audit Staff: Severance Tax Division (output)
- Indicator #6: Audit Collections - In-House Audit Staff: Total Audit Collections - In-House Audit Staff (output)
- Indicator #7: Field Audit Collections As A Percentage of Audit Findings [1] (output)
- Indicator #8: Field Audits Generating Less Than $5,000 in Audit Findings [2] (output)
- Indicator #9: International Fuel Tax Agreement (IFTA): Number of IFTA Registered Motor Carriers (input)
- Indicator #10: International Fuel Tax Agreement (IFTA): Number of IFTA Audits of La. Resident Accounts Conducted (output)
- Indicator #11: International Fuel Tax Agreement (IFTA): Reduction in No. of Special Fuels Accounts (Out-of-State IFTA Motor Carriers) [3] (output)
- Indicator #12: International Fuel Tax Agreement (IFTA): IFTA Tax Collections from Other States – Net (output)
- Indicator #13: [1] Audit findings are the amounts determined to be due by auditors and submitted to Audit Review for assessment. These amounts are subject to reduction by Audit Review before being assessed if errors are found, but are normally assessed as is. The assessments may then be reduced based on additional information from the taxpayer, or based on decisions by the Board of Tax Appeals or other courts. Collections can also be affected by policy changes by the secretary, or legislative changes that are beyond the control of the department. (explanatory)
- Indicator #14: [2] The percentage of audits generating less the $5,000 is affected by the quality of the audits selected. However, it also indicates the department's emphasis on collections or taxpayer compliance. Auditing mostly large corporations will produce fewer audits but very large assessments for each audit. Auditing smaller taxpayers to encourage compliance will produce more audits but smaller deficiencies on each audit. The department normally tries to balance the need for taxpayer compliance with the need to collect additional taxes owed the state. (explanatory)
- Indicator #15: [3] Participation in IFTA results in fewer special fuels accounts but requires the department to audit a percentage of Louisiana resident accounts on behalf of all other IFTA states. (explanatory)
- Indicator #16: Trends In Actual Field Audit Coverage, FY 1990-91-1995-96: In-state coverage: Number of Accounts (input)

Budget Unit: Office of Revenue (12-440)

Program A: Tax Collection (Cont.)

Objectives and Performance Indicators: (Cont.)

- Indicator #17: Trends In Actual Field Audit Coverage, FY 1990-91-1995-96: In-state coverage: No. Accounts Audited (output)
- Indicator #18: Trends In Actual Field Audit Coverage, FY 1990-91-1995-96: In-state coverage: Percent Audited (output)
- Indicator #19: Trends In Actual Field Audit Coverage, FY 1990-91-1995-96: Out-of state coverage: Number of Accounts (input)
- Indicator #20: Trends In Actual Field Audit Coverage, FY 1990-91-1995-96: Out-of-state coverage: No. Accounts Audited (output)
- Indicator #21: Trends In Actual Field Audit Coverage, FY 1990-91-1995-96: Out-of-state coverage: Percent Audited (output)
- Indicator #22: [1] Estimated number of accounts (explanatory)
- Indicator #23: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state coverage: Number of Accounts: Corporation Income/Franchise (input)
- Indicator #24: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state coverage: Accounts Audited: Corporation Income/Franchise (output)
- Indicator #25: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state coverage: Percent Audited: Corporation Income/Franchise (output)
- Indicator #26: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state coverage: Number of Accounts: Corporation Income/Franchise (input)
- Indicator #27: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state coverage: Accounts Audited: Corporation Income/Franchise (output)
- Indicator #28: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state coverage: Percent Audited: Corporation Income/Franchise (output)
- Indicator #29: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Number of Accounts: Sales/Withholding (input)
- Indicator #30: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Accounts Audited: Sales/Withholding (output)
- Indicator #31: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Percent Audited: Sales/Withholding (output)
- Indicator #32: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Number of Accounts: Sales/Withholding (input)
- Indicator #33: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Accounts Audited: Sales/Withholding (output)
- Indicator #34: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Percent Audited: Sales/Withholding (output)
- Indicator #35: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Number of Accounts: Severance (input)

Budget Unit: Office of Revenue (12-440)

Program A: Tax Collection (Cont.)

Objectives and Performance Indicators: (Cont.)

- Indicator #36: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Accounts Audited: Severance (output)
- Indicator #37: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Percent Audited: Severance (output)
- Indicator #38: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Number of Accounts: Severance (input)
- Indicator #39: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Accounts Audited: Severance (output)
- Indicator #40: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Percent Audited: Severance (output)
- Indicator #41: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Number of Accounts: Excise (input)
- Indicator #42: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Accounts Audited: Excise (output)
- Indicator #43: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Percent Audited: Excise (output)
- Indicator #44: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Number of Accounts: Excise (input)
- Indicator #45: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Accounts Audited: Excise (output)
- Indicator #46: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Percent Audited: Excise (output)
- Indicator #47: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Number of Accounts: Unclaimed Property (input)
- Indicator #48: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Accounts Audited: Unclaimed Property (output)
- Indicator #49: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Percent Audited: Unclaimed Property (output)
- Indicator #50: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Number of Accounts: Unclaimed Property (input)
- Indicator #51: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Accounts Audited: Unclaimed Property (output)
- Indicator #52: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Percent Audited: Unclaimed Property (output)
- Indicator #53: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Number of Accounts: Total (input)
- Indicator #54: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Accounts Audited: Total (output)
- Indicator #55: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: In-state Coverage: Percent Audited: Total (output)
- Indicator #56: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Number of Accounts: Total (input)
- Indicator #57: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Accounts Audited: Total (output)
- Indicator #58: Actual Field Audit Coverage, By Type of Tax, FY 1995-96: Out-of-state Coverage: Percent Audited: Total (output)

Budget Unit: Office of Revenue (12-440)

Program A: Tax Collection (Cont.)

Objectives and Performance Indicators: (Cont.)

- Indicator #59: Department of Revenue and Taxation, Field Audit Collections and Costs, FY 1990-91-FY 1995-96: Field Audit Collections (output)
- Indicator #60: Department of Revenue and Taxation, Field Audit Collections and Costs, FY 1990-91-FY 1995-96: Number of Field Auditor Positions (input)
- Indicator #61: Department of Revenue and Taxation, Field Audit Collections and Costs, FY 1990-91-FY 1995-96: Collections Per Field Auditor Position[1] (efficiency)
- Indicator #62: Department of Revenue and Taxation, Field Audit Collections and Costs, FY 1990-91-FY 1995-96: Total Audit Costs (input)
- Indicator #63: Department of Revenue and Taxation, Field Audit Collections and Costs, FY 1990-91-FY 1995-96: Audit Costs Per $1 Collected (efficiency)
- Indicator #64: [1] This performance indicator attempts to show the impact of each field auditor position. It is difficult to measure the impact of an individual auditor or auditor position because auditors often work in teams, some audits occur over more than one fiscal year, and collections related to a particular audit may be received in a different fiscal year than the one in which the audit was actually conducted. The Department of Revenue and Taxation is working on the development of a more accurate way to measure the impact (cost/benefit) of an auditor position. (explanatory)
- Indicator #65: Actual Field Audit Collections, FY 1995-96: In-state Collections: Total Amount: Corporation Income/Franchise (output)
- Indicator #66: Actual Field Audit Collections, FY 1995-96: In-state Collections: Percent of Total: Corporation Income/Franchise (output)
- Indicator #67: Actual Field Audit Collections, FY 1995-96: Out-of-state Collections: Total Amount: Corporation Income/Franchise (output)
- Indicator #68: Actual Field Audit Collections, FY 1995-96: Out-of-state Collections: Percent of Total: Corporation Income/Franchise (output)
- Indicator #69: Actual Field Audit Collections, FY 1995-96: Total Collections: Total Amount: Corporation Income/Franchise (output)
- Indicator #70: Actual Field Audit Collections, FY 1995-96: Total Collections: Percent of Total: Corporation Income/Franchise (output)
- Indicator #71: Actual Field Audit Collections, FY 1995-96: In-state Collections: Total Amount: Sales/Witholding (output)
- Indicator #72: Actual Field Audit Collections, FY 1995-96: In-state Collections: Percent of Total: Sales/Witholding (output)
- Indicator #73: Actual Field Audit Collections, FY 1995-96: Out-of-state Collections: Total Amount: Sales/Witholding (output)
- Indicator #74: Actual Field Audit Collections, FY 1995-96: Out-of-state Collections: Percent of Total: Sales/Witholding (output)
- Indicator #75: Actual Field Audit Collections, FY 1995-96: Total Collections: Total Amount: Sales/Witholding (output)
- Indicator #76: Actual Field Audit Collections, FY 1995-96: Total Collections: Percent of Total: Sales/Witholding (output)
- Indicator #77: Actual Field Audit Collections, FY 1995-96: In-state Collections: Total Amount: Severance (output)

Budget Unit: Office of Revenue (12-440)

Program A: Tax Collection (Cont.)

Objectives and Performance Indicators: (Cont.)

- Indicator #78: Actual Field Audit Collections, FY 1995-96: In-state Collections: Percent of Total: Severance (output)
- Indicator #79: Actual Field Audit Collections, FY 1995-96: Out-of-state Collections: Total Amount: Severance (output)
- Indicator #80: Actual Field Audit Collections, FY 1995-96: Out-of-state Collections: Percent of Total: Severance (output)
- Indicator #81: Actual Field Audit Collections, FY 1995-96: Total Collections: Total Amount: Severance (output)
- Indicator #82: Actual Field Audit Collections, FY 1995-96: Total Collections: Percent of Total: Severance (output)
- Indicator #83: Actual Field Audit Collections, FY 1995-96: In-state Collections: Total Amount: Excise (output)
- Indicator #84: Actual Field Audit Collections, FY 1995-96: In-state Collections: Percent of Total: Excise (output)
- Indicator #85: Actual Field Audit Collections, FY 1995-96: Out-of-state Collections: Total Amount: Excise (output)
- Indicator #86: Actual Field Audit Collections, FY 1995-96: Out-of-state Collections: Percent of Total: Excise (output)
- Indicator #87: Actual Field Audit Collections, FY 1995-96: Total Collections: Total Amount: Excise (output)
- Indicator #88: Actual Field Audit Collections, FY 1995-96: Total Collections: Percent of Total: Excise (output)
- Indicator #89: Actual Field Audit Collections, FY 1995-96: In-state Collections: Total Amount: Total (output)
- Indicator #90: Actual Field Audit Collections, FY 1995-96: Out-of-state Collections: Total Amount: Total (output)
- Indicator #91: Actual Field Audit Collections, FY 1995-96: Total Collections: Total Amount: Total (output)

Objective #8: The Tax Collection program will continue existing productive enforcement and collection efforts and will increase these efforts by 25% (between 1996-1997) by collecting delinquent taxes, automating the district delinquent/warrant assignment process, increasing lien and levy actions, and increasing criminal investigations.

- Indicator #1: Number of Tax Officers/Collection Analysts - Activities 7 & 18 (input)
- Indicator #2: Number of District Delinquent/Warrant Assignments - Activity 18 (output)
- Indicator #3: Number of Lien and Levy Actions - Activities 7 & 18 (output)
- Indicator #4: Number of Criminal Investigations/Audits Completed - Activity 17 (output)
- Indicator #5: Number of Criminal Cases Referred to District Attorney - Activity 17 (output)
- Indicator #6: Collections Resulting from Billing Notices - Activities 7, 10, 16, & 18 (output)

Budget Unit: Office of Revenue (12-440)

Program A: Tax Collection (Concluded)

Objectives and Performance Indicators: (Cont.)

- Indicator #7: [1] Includes only lien actions (explanatory)

- Objectives (8) meet the criteria as follows:
  - 8 (100%) *are consistent with program or departmental goals*
  - 0 (0%) *is measurable*
  - 0 (0%) *is timebound*
  - 8 (100%) *are results-oriented*

- Performance Indicators (154) meet the criteria as follows:
  - 0 (0%) *measures or helps to measure progress toward objective*
  - 153 (99%) *are consistent with the objective*
  - 116 (75%) *are clear, easily understandable, and non-technical*

Source: Prepared by legislative auditor's staff from comparison of 1997-98 executive budget performance data with criteria listed in Exhibit 4-1. The classification assigned to each performance indicator as input, output, outcome, efficiency, quality, or explanatory is based on audit staff determination using *Manageware* and GASB's definitions.

Budget Unit: Office of Revenue (12-440)

Program B: Public Administrators

(0 mission, 0 goals, 1 objective, 6 performance indicators)

***Mission:**

No mission is reported for this program.

***Goals:**

No goals are reported for this program.

Objective and Performance Indicators:

Objective: The public administrators will administer the estates of persons dying with no surviving spouse or heir present or represented in the state; bury the decedents; marshall and account for decedents' assets, pay decedents' debts and outstanding taxes due, and search for potential heirs.

- Indicator #1: Orleans Parish: Number of Estates Closed (New Indicator) (output)
- Indicator #2: Orleans Parish: Value of Estates Handled (New Indicator) (output)
- Indicator #3: Orleans Parish: Monies Remitted to the State Treasurer's Office (New Indicator) (output)
- Indicator #4: Jefferson Parish: Number of Estates Closed (New Indicator) (output)
- Indicator #5: Jefferson Parish: Value of Estates Handled (New Indicator) (output)
- Indicator #6: Jefferson Parish: Monies Remitted to the State Treasurer's Office (New Indicator) (output)

- Objective meets the criteria as follows:
  - *No goal to assess consistency with objective*
  - 0 (0%) *is measurable*
  - 0 (0%) *is timebound*
  - 1 (100%) *is results-oriented*
- Performance Indicators (6) meet the criteria as follows:
  - 0 (0%) *measures or helps to measure progress toward objective*
  - 6 (100%) *are consistent with the objective*
  - 6 (100%) *are clear, easily understandable, and non-technical*

Source: Prepared by legislative auditor's staff from comparison of 1997-98 executive budget performance data with criteria listed in Exhibit 4-1. The classification assigned to each performance indicator as input, output, outcome, efficiency, quality, or explanatory is based on audit staff determination using *Manageware* and GASB's definitions.

*The Office of Planning and Budget included a mission and goals in the 1998-99 executive budget for this program. In addition, the Department of Revenue included a mission and goals for the program in its most recent strategic plan.

Budget Unit: Office of Revenue (12-440)

Program C: Alcoholic Beverage Control

(1 mission, 0 goals, 1 objective, 16 performance indicators)

Mission:

To issue permits, enforce the laws and promulgate and enforce rules relating to alcoholic beverages in a manner that will promote the responsible use of beverage alcohol and provide the greatest possible protection of the health and safety of the citizens of Louisiana, while also assuring the soundness of an industry that contributes significantly to the economy of the state.

- Mission meets 3 of 3 core criteria (100%): *identifies purpose, identifies clients, is organizationally acceptable*

Goals:

No goals are reported for this program.

Objective and Performance Indicators:

Objective: The Administrative program's objective is to provide the state with an effective system of regulation of the alcoholic beverage industry wherein any of those people qualified under law are allowed to participate in the industry and the interest of the public is protected by keeping illegal activities to a minimum. In FY 1997-98, the program will conduct at least one routine inspection of each alcoholic beverage permit holder each nine months and increase the number of investigations conducted with local law enforcement to monitor compliance with the new drinking age and continue the enforcement of the "Prevention of Youth Access to Tobacco Law."

- ➢ Indicator #1: Total Number of Permits Issued (output)
- ➢ Indicator #2: Total Number of Inspections Made (output)
- ➢ Indicator #3: Average Time Period Between Inspections (In Months) (efficiency)
- ➢ Indicator #4: Routine Inspections As A Percentage of Total Permit Holders (output)
- ➢ Indicator #5: Number of Special Investigations Conducted (output)
- ➢ Indicator #6: Percentage of Special Investigations Resulting in Disciplinary Action (outcome)
- ➢ Indicator #7: Number of Audits Conducted (output)
- ➢ Indicator #8: Number of Permits Denied (output)
- ➢ Indicator #9: Percentage of Applicants Denied Permits (outcome)
- ➢ Indicator #10: Number of Citations Issued for Violations (output)

Budget Unit: Office of Revenue (12-440)
Program C: Alcoholic Beverage Control (Concluded)

Objective and Performance Indicators: (Cont.)

- Indicator #11: Percentage of Citations Resulting in Disciplinary Action (outcome)
- Indicator #12: No. of Hearings Held as a Result of Special Investigations, Audits and Violations (output)
- Indicator #13: Amount of Fines Collected (output)
- Indicator #14: Number of Suspensions Issued (output)
- Indicator #15: Total Days of Suspensions (outcome)
- Indicator #16: [1]This is a new performance indicator; historical data are not available (explanatory)

- Objective meets the criteria as follows:
  - *No goal to assess consistency with objective*
  - 0 (0%) *is measurable*
  - 0 (0%) *is timebound*
  - 1 (100%) is *results-oriented*
- Performance Indicators (16) meet the criteria as follows:
  - 0 (0%) *measures or helps to measure progress toward objective*
  - 16 (100%) *are consistent with the objective*
  - 16 (100%) *are clear, easily understandable, and non-technical*

Source: Prepared by legislative auditor's staff from comparison of 1997-98 executive budget performance data with criteria listed in Exhibit 4-1. The classification assigned to each performance indicator as input, output, outcome, efficiency, quality, or explanatory is based on audit staff determination using *Manageware* and GASB's definitions.

Budget Unit: Louisiana Tax Commission (12-441)

(0 missions, 1 goal)

Mission:

No mission is reported for this budget unit.

Goal:

To assure a fair and equitable distribution of the tax burden among Louisiana property owners by the establishment of statewide uniformity of assessment values of property subject to ad valorem taxation.

- Goal *No mission to assess consistency with goal and to determine if goal provides a sense of direction to address the mission.*

Note: Objectives and **Performance Indicators** are provided only at the program level.

Source: Prepared by legislative auditor's staff from comparison of 1997-98 executive budget performance data with criteria listed in Exhibit 4-1.

Budget Unit: Louisiana Tax Commission (12-441)

Program A: Property Taxation Regulatory/Oversight

(0 missions, 0 goals, 4 objectives, 41 performance indicators)

Mission:

No mission is reported for this program.

Goals:

No goals are reported for this program.

Objectives and Performance Indicators:

There is no objective reported for these indicators.

- Indicator #1: Louisiana Tax Commission Total Budget (input)
- Indicator #2: Louisiana Tax Commission Number of Employees (input)
- Indicator #3: [1]Continuation level indicators are based on agency continuation budget calculations. (explanatory)
- Indicator #4: Trends in Assessed Value and Fair Market Value of Taxable Property in Louisiana: Assessed Value of Taxable Property (in Thousands) [1] (explanatory)
- Indicator #5: Trends in Assessed Value and Fair Market Value of Taxable Property in Louisiana: Fair Market Value of Taxable Property (in Thousands) (explanatory)
- Indicator #6: [1] Does not include values for homestead exemption (explanatory)

Objective #1: The Administrative activity of the Property Taxation Regulatory/Oversight Program will manage the fiscal and business affairs of the Louisiana Tax Commission and offer leadership and guidance to other activities; will assure compliance with all statutes relative to duties and responsibilities of the commission; and will strive to improve taxpayer relations and the public image of the commission as well as expand public awareness of the assessment program.

- Indicator #1: Number of Protest Hearings (output)
- Indicator #2: Number of Public Service Protests (output)
- Indicator #3: Number of Ratio Hearings (output)
- Indicator #4: Number of Rules and Regulations Hearings (output)
- Indicator #5: Number of Banks Assessed (output)

Budget Unit: Louisiana Tax Commission (12-441)

Program A: Property Taxation Regulatory/Oversight (Cont.)

Objectives and Performance Indicators: (Cont.)

- Indicator #6: Assessed Value of Banks (output)
- Indicator #7: Number of Insurance Companies Assessed (output)
- Indicator #8: Assessed Value of Insurance Companies (output)
- Indicator #9: Total Number of Assessments by Louisiana Tax Commission (LTC) (output)
- Indicator #10: Total Value of Assessments by LTC (output)
- Indicator #11: Number of LTC Assessments Disputed (input)
- Indicator #12: Number of Disputes Where Taxpayer Prevails (quality)

Objective #2: The Property Taxation Regulatory/Oversight Program, through its Supervision and Assistance to Local Assessors activity, will continue to ensure uniformity of tax assessments throughout all parishes of the state in order to assure a fair and equitable distribution of the tax burden among Louisiana property owners.

- Indicator #1: Number of Property Appraisals Conducted (output)
- Indicator #2: Number of Special Complex Narrative Property Appraisals[1] Conducted (output)
- Indicator #3: Number of Industrial Appraisals[2] Conducted (output)
- Indicator #4: Number of Rolls Not Approved Resulting from Ratio Study Appraisals (outcome)
- Indicator #5: Number of Real Estate Sales Researched (output)
- Indicator #6: Number of Parish Assessments Protested by Taxpayers or Tax Recipients (input)
- Indicator #7: Number of Outcomes Where Protester Prevails (outcome)
- Indicator #8: [1] More complex narrative appraisals have been made to establish values on special purpose real estate. Property such as hotels, motels, and nursing homes are more effectively dealt with in this way than in the mass appraisal process. (explanatory)
- Indicator #9: [2] Louisiana Tax Commission staff continue to assist local governments to appraise major income-producing property, using the income approach to value, and continue to expand the appraisal program by including industrial property such as paper mills, grain elevators, and petro-chemical plants. Commission staff conduct complex appraisals of large statewide industrial facilities that are being added to parish roll books upon completion of their ten-year industrial tax exemptions and provide data to parish assessors. (explanatory)

Budget Unit: Louisiana Tax Commission (12-441)

Program A: Property Taxation Regulatory/Oversight (Concluded)

Objectives and Performance Indicators: (Cont.)

Objective #3: The Property Taxation Regulatory/Oversight Program, through its Public Service/Audit Section, will comply with both the state constitution and revised statutes to appraise and determine fair market value of all operating properties owned by public service companies in Louisiana, and will assure accuracy and uniformity in assessment value of all other personal property by facilitating a program aimed at accomplishing this objective.

- Indicator #1: Number of Public Service Audits Conducted (output)
- Indicator #2: Number of Public Service Audits Conducted: Total Assessed Value of Public Service Properties (Excluding Audits) (input)
- Indicator #3: Number of Public Service Audits Conducted: Ad Valorem Tax Produced for Parish & Municipal Governments (output)
- Indicator #4: Number of Public Service Audits Conducted: Assessed Value Added to Parish Tax Rolls (outcome)
- Indicator #5: Number of Public Service Audits Conducted: Additional Taxes Realized by Local Governments (outcome)
- Indicator #6: Number of Personal Property Audits Conducted (output)
- Indicator #7: Number of Personal Property Audits Conducted: Assessed Value Added to Parish Tax Rolls (outcome)
- Indicator #8: Number of Personal Property Audits Conducted: Additional Ad Valorem Tax Produced (outcome)
- Indicator #9: Changes in Assessed Values as a Result of LTC Audits (outcome)

Objective #4: The Property Taxation Regulatory/Oversight Program, through its Review of Assessments/Fiscal Affairs activity, will perfect the processing of change orders and certification of assessment rolls, and assist assessors in developing a statewide system for reporting and requesting changes in assessments; will inform local government officials and taxpayers of their rights and responsibilities with the ad valorem process; and will compile more complete and useful data.

- Indicator #1: Number of Rolls Certified[1](output)
- Indicator #2: Number of Change Orders[1](output)
- Indicator #3: Number of Tax Sale Cancellations[2](output)
- Indicator #4: [1]Assessors are required by law to secure certification by the Louisiana Tax Commission (LTC) before filing their assessment rolls with the parish tax collectors for billing. Change orders are reviewed by the LTC staff and are presented to commission members for approval or disapproval. Change orders provide for the changing and correcting of assessments in order to determine that each conforms to the true and correct values or to cancel erroneous or dual assessments. (explanatory)
- Indicator #5: [2]Cancellations of tax sales for redeemed property are reviewed and processed. (explanatory)

Budget Unit: Louisiana Tax Commission (12-441)

Program A: Property Taxation Regulatory/Oversight (Concluded)

- Objectives (4) meet the criteria as follows:
  - 4 (100%) *are consistent with program or departmental goals*
  - 0 (0%) is *measurable*
  - 0 (0%) *is timebound*
  - 4 (100%) *are results-oriented*
- Performance Indicators (41) meet the criteria as follows:
  - 0 (0%) *measures or helps to measure progress toward objective*
  - 35 (85%) *are consistent with the objective*
  - 40 (98%) *are clear, easily understandable, and non-technical*

Source: Prepared by legislative auditor's staff from comparison of 1997-98 executive budget performance data with criteria listed in Exhibit 4-1. The classification assigned to each performance indicator as input, output, outcome, efficiency, quality, or explanatory is based on audit staff determination using *Manageware* and GASB's definitions.

Appendix E

Department of Revenue's Response

STATE OF LOUISIANA
DEPARTMENT OF REVENUE AND TAXATION

M. J. "MIKE" FOSTER, JR.
GOVERNOR

JOHN NEELY KENNEDY
SECRETARY

November 6, 1998

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

We have reviewed your performance audit report entitled *Analysis of Program Authority and Performance Data,* which focused on the 1997-98 executive budget program information. This reply relates to your review of the Department of Revenue's Tax Collection, Alcohol and Tobacco Control, and Louisiana Tax Free Shopping programs. We agree with your recommendations, and we have taken or plan to take appropriate action to enhance the areas mentioned.

The Department realizes the importance of the requirements of Act 1465. Therefore, we have been reviewing and revising the Department's strategic and operational plans, as well as its performance indicators. We intend to continue working with the Office of Planning and Budget, the Legislative Fiscal Office and the House Appropriations Committee to further improve our operational plan and provide the necessary detail. In addition, our strategic plan has been refined. Since it is not a static document, we will continue to add or improve the required parts of it based on established criteria.

Furthermore, the Department agrees that in certain areas its performance data should be reviewed and improved, and it should be meaningful and useful. Our staff will continue to work with the Office of Planning and Budget, Legislative Fiscal Office, and House Appropriation Committee to further refine the performance indicators. Future plans include providing for the collection and reporting of the appropriate data. In addition, we will determine whether performance data for the Louisiana Tax Free Shopping Program should be included in the Department's operational plan. Finally, we will reevaluate the internal review of plans and performance data, determine what should be required, and decide who should perform this review. We have already outlined an action plan to address the financial and compliance audit finding on internal audit. Review of performance data is one more specific area to include in our planned risk assessment and examination of internal audit priorities.

Legal citations that indicate authorization of the Department's programs will be complete and accurate in the budget request being prepared for fiscal year 1999/2000.

The Department periodically examines the assignment of responsibility within the organization and addresses concerns such as those your staff expressed in the process. Coordination of field audits and administrative functions will continue. Yet, as recommended, the legislature would need to revise statutes to address the unclaimed refund concerns.

Steps are routinely taken by the Department to address obsolete laws, as evidenced by Acts 4 and 27 of the 1998 Legislative Session. The statutes included in your report will be reviewed again and steps taken to request repeal or other appropriate action on any unneeded statutes.

This agency strives to use its resources in a responsible, fair, and professional manner while serving the citizens of Louisiana. In doing so we desire to have our mission, goals, and objectives consistent with our legal authority, legislative intent, and the state's other established criteria. We also attempt to provide information that is reliable and useful, as well as programs that accomplish their assigned responsibility in the least costly way. Therefore, we would like to thank your staff for their thorough and diligent review and analysis of the Department of Revenue's programs. The Department has benefited from the interaction and resulting information.

Sincerely,

John Neely Kennedy
Secretary

JNK/hh

Appendix F

Louisiana Tax Commission's Response

Louisiana Tax Commission

M. J. "MIKE" FOSTER, JR.
Governor

MALCOLM B. PRICE, JR.
Chairman

BATON ROUGE OFFICE
P.O. BOX 66788
BATON ROUGE, LA 70896

October 30, 1998

Dr. Daniel G. Kyle, PH.D., CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

Responding to your report ***Analysis of Program Authority and Performance Data*** for the Louisiana Tax Commission.

First the Commission would like to thank you for giving our agency the opportunity to offer comments regarding the report. I found your staff very professional and a pleasure to work with.

As your report states, the Louisiana Tax Commission, as well as the Department Heads at the Department of Revenue, has always agreed that the two entities serve two completely different functions. The Department of Revenue handles Sales, Severance, Corporate and Personal Tax matters, while the Louisiana Tax Commission is the Property Taxation Regulatory/Oversight Commission for Ad Valorem Taxation. However, the Department of Revenue serves as the Louisiana Tax Commission Accountant for Payroll and Expense items, along with Human Resource related matters. This has been a considerable savings through the years for our department and has worked very well.

Admittedly, there is very little interaction between the two entities due to the completely different functions of each agency. This union has worked very successfully since 1981 and the Louisiana Tax Commission strongly suggests the present system between the Department of Revenue and the Louisiana Tax Commission should remain in place.

Where there is a presumption of savings through consolidation, in many cases this has added another layer of Bureaucracy that in time, could be much more expensive to our state government.

Understanding that your analysis was based on Fiscal Year 1997-98 data contained in the Executive Budget, almost all of the cited deficiencies have been addressed and corrected.

Dr. Daniel G. Kyle, PH.D., CPA, CFE
October 28, 1998
Page 2

The Louisiana Tax Commission has worked very closely with the Department of Revenue and the Office of Planning and Budget to conform with Act 1465 of the 1997 Regular Session.

We have revised our Strategic Plan, which provides Overall Missions, Goals and Objectives for each department of the Louisiana Tax Commission for the next five (5) years. We will continue to work with the Office of Planning and Budget to ensure that we are reporting appropriately and accurately.

Following the recommendations contained in your report, our agency has completely revised our Operational Plan making this a part of our 1999/2000 Budget.

If we can offer further information, please call my office at (225) 925-7855.

Sincerely yours,

J. Pete Peters
Administrator

JPP/jkb

Appendix G

Division of Administration, Office of Planning and Budget's Response

State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF PLANNING AND BUDGET

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

October 6, 1998

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Re: Analysis of Program Authority and Performance Data for Department of Revenue

Dear Dr. Kyle:

Thank you for including members of our staff in the process of your office's performance audit of the Department of Revenue.

Our office generally agrees with audit recommendations regarding ways to enhance planning and performance accountability for the Department of Revenue. As your audit noted, many improvements have already been included in the executive budget documents prepared for FY 1998-99. Further improvements were made as a result of the department's recently completed five-year strategic plan.

We appreciate the role your office contributes to the success of the Louisiana Government Performance and Accountability Act. Among our recommendations to agencies is the suggestion that they consider the information presented in your performance audits during their strategic and operational planning efforts.

Sincerely,

Stephen R. Winham
State Director of Planning and Budget

SRW/tsh

POST OFFICE BOX 94095 • STATE CAPITOL ANNEX • BATON ROUGE, LA 70804-9095
(225) 342-7005 • Fax (225) 342-7220
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