

LOUISIANA TAX FREE SHOPPING COMMISSION
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JUNE 22, 2022

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
ERNEST F. SUMMERVILLE, JR., CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at www.la.la.gov.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.45. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 9210 or Report ID No. 80210132 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Jenifer Schaye, General Counsel, at 225-339-3800.

Legislative Auditor

Michael J. “Mike” Waguespack, CPA



Louisiana Tax Free Shopping Commission

June 2022

Audit Control # 80210132

Introduction

The primary purpose of our procedures at the Louisiana Tax Free Shopping Commission (Commission) was to evaluate certain controls that the Commission uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds for the period July 1, 2019, through June 30, 2021. In addition, we determined whether management has taken action to correct the findings reported in the prior report.

The Commission was created within the Louisiana Department of Revenue by Louisiana Revised Statute (R.S.) 51:1301-1316. The Commission’s purpose is to operate the Louisiana Tax Free Shopping Program, an international tourism promotion program that offers an incentive of sales tax refunds to foreign visitors on purchases made at participating merchants in order to induce increased shopping and tourism within the state.

Results of Our Procedures

We evaluated the Commission’s operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the Commission’s controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to Commission meetings and minutes, bank reconciliations, receipts and collections, non-payroll disbursements, travel expenses, contracts, payroll and personnel, ethics, budget, and sexual harassment policies. We also evaluated the Commission’s compliance with certain laws and regulations.

Follow-Up on Prior-report Findings

We reviewed the status of the prior-report findings in the Agreed-Upon Procedures report dated September 30, 2019. We determined that management has resolved the prior-report findings related to written policies and procedures, contracts, and budgets. The finding relating to bank reconciliations has not been resolved and is addressed again in this report.

Current Report Findings

Lack of Controls over Bank Reconciliations

The Commission does not have adequate controls over its bank reconciliations, which increases the risk that employee error or fraud could occur and not be detected timely. Good internal controls require a monthly reconciliation of bank balances to accounting records, with supervisory review and approval in a timely manner. Bank reconciliations should be reviewed by a member of management, or a Commission member, who does not handle cash or issue checks; reconciling items outstanding for more than six months should be researched and well documented by management; and any differences between the bank and general ledger balances at year-end should be researched and documented by management.

Based on our review of 57 monthly reconciliations performed for all accounts during fiscal years 2020 and 2021, nine (eight occurring in fiscal year 2020) bank reconciliations were not prepared within two months of the statement closing date, ranging from 61 days after closing to 190 days. Also, the bank reconciliations did not evidence that a member of management, or a Commission member, who does not handle cash or issue checks reviewed each bank reconciliation. In addition, management did not provide evidence that the reconciling items outstanding for more than six months after the statement closing date were researched, and the bank balance for all three open bank accounts at June 30, 2020, did not agree to the general ledger balance.

According to management, staff turnover and a vacant accountant position caused the bank reconciliations and research of reconciling items and reconciliation errors to not be performed timely. Commission policy does not require a member of management or a Commission member who does not handle cash or issue checks to review bank reconciliations, nor does it require the review of reconciling items outstanding for six months after the statement closing date and differences between the bank and general ledger balances at year-end.

Commission policy should require timely, accurate preparation of monthly bank reconciliations and evidence of approval by a member of management, or a Commission member, who does not handle cash or issue checks. Evidence of review and approval should be documented and maintained as part of the Commission's accounting records. Commission policy should also require reconciling items outstanding for more than six months be researched and well documented by management, as well as, any differences between the bank and general ledger balances at year-end. Management partially concurred with the finding and provided a corrective action plan (see Appendix A, page 1).

Untimely Deposits of Fees and Sales Tax Reimbursements

The Commission did not make timely deposits of fees and sales tax reimbursements. According to the general ledger, the Commission collected \$1,164,127 and \$174,381 for handling and voucher fees and for the reimbursement of sales tax refunds during fiscal years 2020 and 2021, respectively.

Based upon our procedures, 13 of the 19 (68%) deposits selected for testing during fiscal years 2020 and 2021, were not deposited within three days in accordance with Commission policy. Receipts totaling \$255,204 (\$252,701 and \$2,503 for fiscal years 2020 and 2021, respectively) were deposited between four and 279 days. Of the 13 untimely deposits, one deposit included two receipts of cash, totaling \$274 that were held by the Commission for 247 and 279 days before being deposited into the bank account.

The Commission failed to place sufficient emphasis on adhering to its policy regarding deposits of its revenue collections during times of staff turnover and remote work, which increases the risk that errors or fraud may occur and not be detected. The Commission's cash management policy per its Operations Manual allows for up to three days for deposit of collections.

The Commission should adhere to its policy and evaluate whether its established policies and procedures are designed to ensure that deposits are made timely. Management partially concurred with the finding and provided a corrective action plan (see Appendix A, page 2).

Failure to Certify and Approve Time and Attendance Records

The Commission staff did not certify and approve time and attendance records. The Commission, beginning on March 23, 2020, utilizes electronic time sheets in the Cross-Application Time Sheet (CATS) system. For the period between March 23, 2020, and June 30, 2021, we noted that of the 127 time sheets tested, 17 (13%) were not certified by the employee and 32 (25%) were not approved by the supervisor. Of the 17 time sheets not certified and the 32 not approved, 11 (65%) and 26 (81%), respectively, of those time sheets occurred in fiscal year 2020 after transitioning to the CATS system as a result of the COVID-19 pandemic.

The Commission's time and attendance policies and procedures require employees to certify and supervisors to approve timesheets in the CATS system, and it requires timekeepers to monitor the e-certification process.

The Commission staff did not adhere to controls over payroll to certify and approve hours actually worked. As a result, there is an increased risk that errors and/or fraud could occur and not be detected in a timely manner.

Management should ensure employees comply with existing policies and procedures, including properly certifying and approving time sheets in a timely manner. Management partially concurred with the finding and provided a corrective action plan (see Appendix A, page 3).

Required Ethics and Sexual Harassment Training Not Completed

The Commission is not ensuring that all employees and Commission members are obtaining the ethics and sexual harassment training required by R.S. 42:1170 and R.S. 42:343, respectively.

Based on our review of the 2020 and 2021 required ethics and sexual harassment courses, the following was noted:

- One employee and two Commission members did not complete the 2020 required ethics training and one Commission member did not complete the 2021 required ethics training, and therefore, were in violation of R.S. 42:1170, which requires that all public servants receive a minimum of one hour of education and training on the Louisiana Code of Governmental Ethics during each year of public employment or term in office.
- One Commission member did not complete the 2020 nor 2021 required sexual harassment training, and therefore, was in violation of R.S. 42:343, which requires that public servants to receive one hour of training on preventing sexual harassment during each full calendar year of public employment or term of office.

The Commission does not have internal controls in place to ensure that all Commission members and employees are receiving the required ethics and sexual harassment training required for all public servants.

The Commission should develop internal controls to ensure that Commission members and employees comply with the required ethics and sexual harassment training. Management partially concurred with the finding and provided a corrective action plan (see Appendix A, page 4).

Other Results of Our Procedures

Written Policies and Procedures

The Commission provided the following policies and procedures and we observed that they addressed each of the categories and subcategories as listed below. No exceptions were noted. In those instances where policies and procedures are not addressed directly by the Commission's policy, the Commission follows the Louisiana Department of Revenue's policies and procedures.

- (a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- (b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law or state purchasing rules and regulations, as applicable to the entity; and (5) documentation required to be maintained for all bids and price quotes.
- (c) **Disbursements**, including processing, reviewing, and approving.
- (d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued).

- (e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- (f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- (g) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (2) documentation requirements, (3) time-frame in which requests must be submitted and (4) required approvers.
- (h) ***Ethics***, including (1) the prohibitions as defined in R.S. 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees annually attest through signature verification that they have read the entity's ethics policy.
- (i) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Commission Meetings and Minutes

We reviewed the commission minutes for the period July 1, 2019, through June 30, 2021, and noted that the commission met (with a quorum) on five occasions during fiscal year (FY) 2020 and on four occasions during FY 2021. There is no requirement that the commission meet on a specified schedule. Commission meetings included financial discussions of operations, including budget-to-actual comparisons.

We accessed the Tax Free Shopping Commission online information included in the Division of Administration's boards and commissions database to determine that the entity submitted commission meeting notices and minutes for all meetings during the fiscal periods under review. During our review, we noted that the Commission substantially complied with this requirement.

Bank Reconciliations

The Commission maintains one checking account for general operations. The Commission also maintained two refund accounts in FY20 which were consolidated into one refund account for FY21. The refund accounts are used for providing visitor sales tax refunds. Cash balances, including refund accounts, totaled \$542,724 at June 30, 2020 and \$294,334 at June 30, 2021. We performed procedures related to the Commission's monthly reconciliations of its cash balances to the general ledger. During our review of fiscal years 2020 and 2021, we noted that nine of the 57 monthly bank reconciliations performed were not prepared timely; none of the reconciliations contained evidence that a member of management or commission member who does not handle cash or issue checks reviewed each bank reconciliation; no evidence to support items outstanding

for more than six months were being researched; and for the year ending June 30, 2020, the reconciled balance did not agree to the general ledger (see “Lack of Controls over Bank Reconciliations” in the Current Report Findings section).

Receipts and Collections

Over 99% of the Commission’s revenue collections were from visitor handling fees and merchant voucher book sales for fiscal years 2020 and 2021. We performed procedures to determine if deposits were made timely and agreed to recorded collections, the bank, and the general ledger. We reviewed policies and procedures to determine if job duties for collections were properly segregated and that the procedures involved a process to ensure completeness of all revenue sources. We also determined if employees who have access to cash were covered by a bond or insurance policy. During our review, we noted 13 of the 19 (68%) deposits selected for testing during fiscal years 2020 and 2021 were not performed timely (see “Untimely Deposits of Fees and Sales Tax Reimbursements” in the Current Report Findings section).

Non-Payroll Disbursements

For all non-payroll disbursements (excluding travel reimbursements), we obtained policies and procedures relating to the job duties of employees involved with non-payroll purchasing and payment functions and observed that the job duties were properly segregated. We also traced selected disbursements to supporting documentation and evaluated proper segregation of duties in the processing and approval of those disbursements. No exceptions were noted.

Travel Expenses

Travel expenses include conference travel for the Commission’s director, as well as reimbursement of routine travel expenses for employees to provide operational support for refund centers. Travel expenses totaled \$11,851 for the period July 1, 2019, through June 30, 2021. We traced selected travel expense reimbursements to supporting documentation, evaluated compliance with laws and regulations, and observed evidence of proper review and approval. No exceptions were noted.

Contracts

The Commission contracted with various entities including Delta Administrative Services, Microsource, and New Orleans Aviation Board for payroll processing, information technology services, office space, and other services. Fiscal year 2020 and 2021 contract expenditures totaled \$263,297. We traced selected contract payments to contract terms and evaluated compliance with laws and regulations. No exceptions were noted.

Payroll and Personnel

Approximately 61% and 69% of the Commission’s expenditures related to payroll costs during fiscal years 2020 and 2021 respectively. Commission personnel include the director, an accountant, and administrative employees. We traced selected employees’ salaries to contract terms or pay structure, evaluated controls over time and attendance records, and evaluated

termination payments. We also obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums were paid, and associated forms were filed, by required deadlines. We reviewed 127 electronic time sheets for the period between March 23, 2020, and June 30, 2021. We noted that 17 (13%) of the timesheets were not certified by the employee, and 32 (25%) were not approved by the supervisor (see "Failure to Certify and Approve Time and Attendance Records" in the Current Report Findings section).

Ethics

We evaluated evidence to determine if required ethics training was completed by the Commission's members and employees. During our review, we noted that for fiscal year 2020, one employee and two commission members did not complete the required annual ethics training and for fiscal year 2021, one commission member did not complete the required annual ethics training (see "Required Ethics and Sexual Harassment Training Not Completed" in the Current Report Findings section).

Budget

The Commission annually adopts a budget by majority vote of its commission members. We confirmed the adoption of the Commission's budgets for fiscal years 2020 and 2021 and evaluated variances between budgeted amounts and actual revenues and expenditures for reasonableness. For fiscal year 2020, budgeted revenues and expenditures exceeded actual by 16% and 35%, respectively. For fiscal year 2021, budgeted revenues and expenditures exceeded actual by 75% and 51%, respectively. These variances were due to the COVID-19 restrictions on international travel which resulted in less visitor handling fees to process refunds, less merchant voucher book sales, and decreased levels of staffing. In addition, we obtained the budget information for the two fiscal years and determined if the information agreed with the budget information contained in the Division of Administration's boards and commissions database. During our review, we noted that the Commission substantially complied with this requirement.

Sexual Harassment Policies

We performed procedures to determine if the Commission's sexual harassment policies and procedures address all requirements of R.S 42:342-344 and that the policy and complaint procedure was posted on the Commission's website or premises. We also observed evidence that the Commission's employees and commission members completed the required training during the calendar year and that the Commission's sexual harassment report was properly completed by the February 1st deadline. During our review, we noted for both years, one commission member did not complete the required sexual harassment training (see "Required Ethics and Sexual Harassment Training Not Completed" in the Current Report Findings section).

Other Compliance Areas

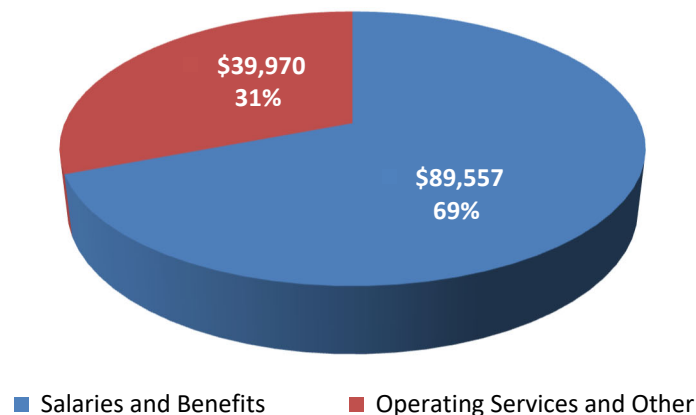
We obtained management's representation that there were no misappropriations in fiscal years 2020 or 2021 to be reported to the legislative auditor and the appropriate parish district attorney.

We also observed that the Commission had posted on its website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. No exceptions were noted.

Comparison of Activity between Years

We compared the most current and prior-year financial activity using the Commission's general ledger and other system generated reports to identify trends and obtained explanations from management for any significant variances that could potentially indicate areas of risk. Management provided reasonable explanations for all significant variances. In our evaluation of fiscal year 2021 revenues, we found that 99.7% were handling fees charged to international travelers for processing refunds. The following chart shows the Commission's fiscal year 2021 expenditures.

Fiscal Year 2021 Expenditures



Source: The Commission's General Ledger

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

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

LRL:EBT:BQD:EFS:ch

APPENDIX A: MANAGEMENT'S RESPONSES

Commission Members

Kevin Richard
Secretary, Louisiana Department of Revenue (Chairman)
Doug Bourgeois
Assistant Secretary, Louisiana Office of Tourism
Earl J. Millet, Jr.
Governor's Designee
Mary Kathryn Drago
Chief Financial Officer, Louisiana Department of the Treasury
Tom Spiers
Commissioner – New Orleans World Trade Center



Commission Staff

Deepa C. Woods
Executive Director
Amy Hemphill,
Accountant

Louisiana Tax Free Shopping
1450 Poydras Street, Suite 800
New Orleans, LA 70112
(225) 384-0481 phone
www.louisianataxfree.gov

May 4, 2022

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Louisiana Tax Free Shopping's (LTFS) Response to
LLA's Audit of Lack of Controls over Bank Reconciliations

Dear Mr. Waguespack:

Louisiana Tax Free Shopping (LTFS) concurs in part with the findings of "Lack of Controls over Bank Reconciliations". During FY20 and FY21, LTFS was operating in a different scope due to COVID-19 and staff shortages. In March 2020 when the COVID-19 pandemic began, LTFS started working remotely which caused a delay in getting mail timely. This affected the time frame of receiving mail and reconciling the bank statements. When the LTFS Accountant realized that bank statements had not been received, she requested and reconciled them immediately. When the LTFS' Executive Director, who was reviewing and approving the bank reconciliations, retired in August 2020, the Accountant continued to reconcile the statements but failed to obtain the Deputy Secretary's signature due to working in different parishes.

LTFS has rectified the situations above since FY21 and is now receiving the bank statements electronically, reconciling bank statements within 30 days of the month following and having the current Executive Director review and approve the bank reconciliations. LTFS will also begin researching and documenting outstanding items every 6 months and documenting the findings on the Operating Account. In August 2019, LTFS processed all outstanding items through June 2016 and sent those items to Unclaimed Property. LTFS will begin working on sending back outstanding items for the period of July 2016 to June 2019.

LTFS believes its recent actions will resolve any current issues related to this finding and also prevent further issues from developing in the future. Should you have any questions or require additional information, please feel free to contact me.

Sincerely,

Deepa Woods
Executive Director
Louisiana Tax Free Shopping

CC: Lisa Landaiche, Senior Financial Auditor
Kevin Richard, Secretary
Laura Lapeze, Undersecretary
Amy Hemphill, Accountant

Commission Members

Kevin Richard
Secretary, Louisiana Department of Revenue (Chairman)
Doug Bourgeois
Assistant Secretary, Louisiana Office of Tourism
Earl J. Millet, Jr.
Governor's Designee
Mary Kathryn Drago
Fiscal Control Assistant Director, LA Dept. of the Treasury
Tom Spiers
Commissioner – New Orleans World Trade Center



Commission Staff

Deepa C. Woods
Executive Director
Amy Hemphill,
Accountant

Louisiana Tax Free Shopping
1450 Poydras Street, Suite 800
New Orleans, LA 70112
(225) 384-0481 phone
<https://louisianataxfree.louisiana.gov/>

May 24, 2022

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Louisiana Tax Free Shopping's (LTFS) Response to
Untimely Deposits of Fees and Sales Tax Reimbursements

Dear Mr. Waguespack:

Louisiana Tax Free Shopping (LTFS) concurs in part with the findings of "Untimely Deposits of Fees and Sales Tax Reimbursements". During FY20 and FY21, LTFS was operating in a different scope due to COVID-19 and staff shortages. In March 2020 when the COVID-19 pandemic began, LTFS started working remotely which caused a delay in getting mail timely. Checks received via mail were not processed in a timely manner. During FY20, the accountant position was vacant for two months and deposit logs were not kept. While staff was working remotely, mail was only being processed 1-2 times per month which also resulted in delays of check deposits.

Currently, LTFS is retrieving mail biweekly, immediately logging checks, making copies and sending to the accountant for timely deposits. LTFS will updated its policies to reflect the current processes in place.

Sincerely,

A handwritten signature in blue ink, appearing to be "Deepa Woods", written over a horizontal line.

Deepa Woods
Executive Director
Louisiana Tax Free Shopping

CC: Lisa Landaiche, Senior Financial Auditor
Kevin Richard, Secretary
Laura Lapeze, Undersecretary
Amy Hemphill, Accountant

Commission Members

Kevin Richard
Secretary, Louisiana Department of Revenue (Chairman)
Doug Bourgeois
Assistant Secretary, Louisiana Office of Tourism
Earl J. Millet, Jr.
Governor's Designee
Mary Kathryn Drago
Fiscal Control Assistant Director, LA Dept. of the Treasury
Tom Spiers
Commissioner – New Orleans World Trade Center



Commission Staff

Deepa C. Woods
Executive Director
Amy Hemphill,
Accountant

Louisiana Tax Free Shopping
1450 Poydras Street, Suite 800
New Orleans, LA 70112
(225) 384-0481 phone
<https://louisianataxfree.louisiana.gov/>

May 24, 2022

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Louisiana Tax Free Shopping's (LTFS) Response to
Failure to Certify and Approve Time and Attendance Records

Dear Mr. Waguespack:

Louisiana Tax Free Shopping (LTFS) concurs in part with the findings of "Failure to Certify and Approve Time and Attendance Records ". In FY20, LTFS assumed that the former Executive Director was monitoring that all time sheets were certified and approved. In FY21, LTFS' Executive Director position was vacant; therefore, LTFS did not have a supervisor during this time to monitor that time sheets were certified and approved.

LTFS is currently certifying and approving time and attendance records. Going forward, LTFS will ensure that employees comply with existing policies and procedures.

Sincerely,

A handwritten signature in blue ink, appearing to be "DW", with a long horizontal line extending to the right.

Deepa Woods
Executive Director
Louisiana Tax Free Shopping

CC: Lisa Landaiche, Senior Financial Auditor
Kevin Richard, Secretary
Laura Lapeze, Undersecretary
Amy Hemphill, Accountant

Commission Members

Kevin Richard
Secretary, Louisiana Department of Revenue (Chairman)
Doug Bourgeois
Assistant Secretary, Louisiana Office of Tourism
Earl J. Millet, Jr.
Governor's Designee
Mary Kathryn Drago
Fiscal Control Assistant Director, LA Dept. of the Treasury
Tom Spiers
Commissioner – New Orleans World Trade Center



Commission Staff

Deepa C. Woods
Executive Director
Amy Hemphill,
Accountant

Louisiana Tax Free Shopping
1450 Poydras Street, Suite 800
New Orleans, LA 70112
(225) 384-0481 phone
<https://louisianataxfree.louisiana.gov/>

May 24, 2022

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Louisiana Tax Free Shopping's (LTFS) Response to
Required Ethics and Sexual Harassment Training Not Completed

Dear Mr. Waguespack:

Louisiana Tax Free Shopping (LTFS) concurs in part with the findings of "Required Ethics and Sexual Harassment Training Not Completed". In FY20, LTFS assumed that all employees and Commission members were being monitored by the former Executive Director for compliance with Ethics and Sexual Harassment Training. In FY21, LTFS' Executive Director position was vacant; therefore, the commissioners were not informed to complete the required Ethics & Sexual Harassment Training.

LTFS is in the process of updating the Operations Manual to include the Ethics and Sexual Harassment Training, reminder and tracking system for Commission members. We anticipate to have the policies & procedures completed by the beginning of FY23. Currently LTFS tracks Ethics Training completion through the annual mandatory Louisiana Department of Revenue (LDR) training requirement. All Commission members will also be asked to complete required training moving forward.

Sincerely,

A handwritten signature in blue ink, appearing to be "Deepa Woods", with a long horizontal line extending to the right.

Deepa Woods
Executive Director
Louisiana Tax Free Shopping

CC: Lisa Landaiche, Senior Financial Auditor
Kevin Richard, Secretary
Laura Lapeze, Undersecretary
Amy Hemphill, Accountant

APPENDIX B: SCOPE AND METHODOLOGY

We conducted certain procedures at the Louisiana Tax Free Shopping Commission (Commission) for the period from July 1, 2019, through June 30, 2021. Our objective was to evaluate certain controls the Commission uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which are summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the Commission's Annual Fiscal Reports, and accordingly, we do not express opinions on those reports. The Commission's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the Commission's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the Commission.
- Based on the documentation of the Commission's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to Commission meetings and minutes, bank reconciliations, receipts and collections, non-payroll disbursements, travel expenses, contracts, payroll and personnel, ethics, budget, and sexual harassment policies.
- We compared the most current and prior-year financial activity using the Commission's general ledger and other system generated reports and obtained explanations from the Commission's management for any significant variances.

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