

LOUISIANA TAX COMMISSION

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued May 25, 2023

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Louisiana Tax Commission

May 2023

Audit Control # 80230044

Introduction

The primary purpose of our procedures at the Louisiana Tax Commission (LTC) was to evaluate certain controls LTC uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds.

Results of Our Procedures

We evaluated LTC'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 LTC's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to assessment fee revenue collections, payroll and personnel expenditures, and travel expenditures.

Assessment Fees

We reviewed Title 47 of the Louisiana Revised Statutes to identify fees that LTC is authorized to assess and collect, which includes assessment fees totaling approximately \$2.9 million in fiscal years 2022 and 2023, as of March 2, 2023. We reviewed documentation for a sample of assessment fee collections to ensure that assessment fees were being collected and deposited timely in accordance with state law. Based on the results of our procedures, LTC had adequate controls in place to ensure that fees were assessed in accordance with state law and revenue collections were timely deposited and properly recorded.

Payroll and Personnel Expenditures

Salaries and related benefits comprise approximately 81% of LTC's expenditures in fiscal years 2022 and 2023, as of March 5, 2023. We obtained an understanding of LTC's controls over the time and attendance function and reviewed employee time statement records for compliance with state laws and regulations for time period July 1, 2021, through March 5, 2023. In addition, we obtained an understanding of

LTC's controls over leave and reviewed selected employee leave records for the time period July 1, 2021, through March 5, 2023. Based on the results of our procedures, LTC had adequate controls in place to ensure timely review and approval of employee time statements and leave requests and employees were paid the correct authorized amounts.

Travel Expenditures

We obtained an understanding of LTC's controls over travel expenditures, which primarily include employee reimbursements for mileage and meals and direct payments through LTC's Controlled Billed Account (CBA) for flights, hotels, and conference registrations. We analyzed selected travel reimbursements and CBA transactions for the period July 1, 2021 through March 7, 2023. Based on the results of our procedures, LTC had adequate controls to ensure that travel reimbursements and CBA purchases were properly approved, made for proper business purposes, sufficiently documented, and complied with state laws and regulations.

Trend Analysis

We compared the most current and prior-year financial activity using LTC's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LTC's management for any significant variances.

Under Louisiana Revised Statute 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

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LTC2023

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Tax Commission (LTC) for the period from July 1, 2021, through May 17, 2023. Our objective was to evaluate certain controls LTC uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review LTC's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LTC's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated LTC's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to LTC.
- Based on the documentation of LTC's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to assessment fee revenue collections, payroll and personnel expenditures, and travel expenditures.
- We compared the most current and prior-year financial activity using LTC's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LTC's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at LTC and not to provide an opinion on the effectiveness of LTC'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.