

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Board of Tax Appeals  
Executive Department  
State of Louisiana  
Baton Rouge, Louisiana

April 14, 1999

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***Financial and Compliance Audit Division***

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

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**BOARD OF TAX APPEALS  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

**Management Letter  
Dated March 16, 1999**

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 has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

April 14, 1999



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

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March 16, 1999

**BOARD OF TAX APPEALS  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA**  
Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 1999, we conducted certain procedures at the Board of Tax Appeals. Our procedures included (1) a review of the board's internal controls; (2) tests of financial transactions for the years ending June 30, 1999, and June 30, 1998; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 1999, and June 30, 1998; and (4) a review of compliance with prior year report recommendations.

The Annual Fiscal Reports of the Board of Tax Appeals are not audited or reviewed by us, and, accordingly, we offer no form of assurance on those reports. The board's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and selected board personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, and based on the application of the procedures referred to previously, we noted that the size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. In addition, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this report.

In our prior report on the Board of Tax Appeals, for the year ended June 30, 1997, we reported findings relating to the lack of adequate segregation of duties, the lack of invoices for legal services, and untimely deposit of checks. The findings relating to the lack of invoices for legal services and untimely deposit of checks have been resolved by management. The finding relating to inadequate segregation of duties is addressed again in this report.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

LEGISLATIVE AUDITOR

BOARD OF TAX APPEALS  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA

Management Letter, Dated March 16, 1999

Page 2

**Annual Financial Report Not Submitted Timely**

The Board of Tax Appeals failed to comply with the Division of Administration, Office of Statewide Reporting and Planning, deadlines for submitting its Annual Financial Report for fiscal year 1998. A good system of internal controls should provide the board with the procedures to record, process, summarize, and prepare accurate financial reports.

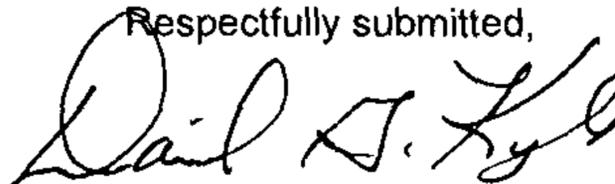
The board submitted its Annual Financial Report for fiscal year 1998, which was due September 1, 1998, on December 21, 1998. The Annual Financial Report was submitted late because the employee responsible for its submission was on extended sick leave. As a result, management and the state were not provided accurate and timely information.

The Board of Tax Appeals should allocate adequate resources to provide for the processing, summarizing, and preparation of accurate financial reports and to ensure that all future deadlines set by the Division of Administration, Office of Statewide Reporting and Planning, are met timely. Management of the board concurred with the finding and recommendation and has taken corrective action (see Appendix A).

The recommendation in this report represents, in our judgment, that most likely to bring about beneficial improvements to the operations of the board. The varying nature of the recommendation, the implementation costs, and the potential impact on the operations of the board should be considered in reaching decisions on courses of action. The finding relating to the board's compliance with applicable regulations should be addressed immediately by management.

This report is intended for the information and use of the board and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

JTB:THC:RCL:dl

[TAXAP]

## Appendix A

### Management's Corrective Action Plan and Response to the Finding and Recommendation



**BOARD OF TAX APPEALS**  
**STATE OF LOUISIANA**

EVELYN G. GRAVEL  
Chairman  
L. PAUL HOOD  
EDNA J. TINGLE

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MARCH 19, 1999

DR. DANIEL KYLE, CPA, CFE  
LEGISLATIVE AUDITOR  
P. O. Box 94397  
BATON ROUGE, LA 70804-9397

RE: ANNUAL FINANCIAL REPORT SUBMITTED  
LATE TO THE OFFICE OF STATEWIDE REPORTING

DEAR DR. KYLE:

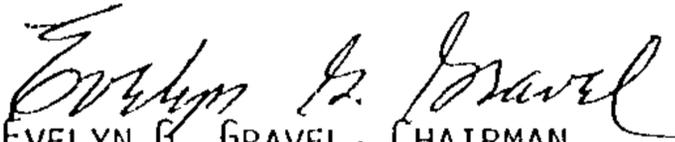
WE AGREE THAT OUR ANNUAL FINANCIAL REPORT WAS SUBMITTED AFTER THE DUE DATE THIS PAST YEAR. HOWEVER, DURING THIS PERIOD THE BOARD WAS WORKING AT A DECIDED DISADVANTAGE.

AS YOU KNOW, THE BOARD'S SUPPORT STAFF CONSISTS OF ONLY TWO FULL TIME EMPLOYEES. SINCE AUGUST 1, 1998, THE BOARD'S EXECUTIVE SECRETARY OF THIRTY EIGHT YEARS WAS ON EXTENDED SICK LEAVE WITH NUMEROUS HOSPITAL STAYS. CONSEQUENTLY, WE DID NOT HAVE THE STAFF TO COMPLETE THE REPORT ON TIME. WHEN WE REALIZED WE WOULD NEED ASSISTANCE IN PREPARING THE REPORT, WE IMMEDIATELY NOTIFIED THE OFFICE OF STATEWIDE REPORTING AND PLANNING. AFTER OUR INITIAL CONVERSATION WITH OSRAP, WE BELIEVED THAT THEY WOULD PREPARE THE REPORT. WE KNOW NOW THAT OUR PERCEPTION WAS INCORRECT, AND THAT OSRAP WAS ONLY PREPARING A LIMITED PORTION OF THE REPORT. BECAUSE OF THIS MISUNDERSTANDING, OUR REPORT WAS LATE. WE REGRET THE ERROR.

SINCE THAT TIME, THE PERSON RESPONSIBLE FOR THIS REPORT HAS RETIRED. WE HAVE HIRED ANOTHER FULL TIME EMPLOYEE TO REPLACE HER. WE DO NOT ANTICIPATE THIS BEING A PROBLEM IN THE FUTURE.

WE APPRECIATE THE ASSISTANCE AND COURTESY EXTENDED TO US BY YOUR OFFICE.

SINCERELY,

  
EVELYN G. GRAVEL, CHAIRMAN

EGG:MSW