



Report Highlights

Department of Revenue

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Audit Control # 80140042
Financial Audit Services • November 2014

Why We Conducted This Audit

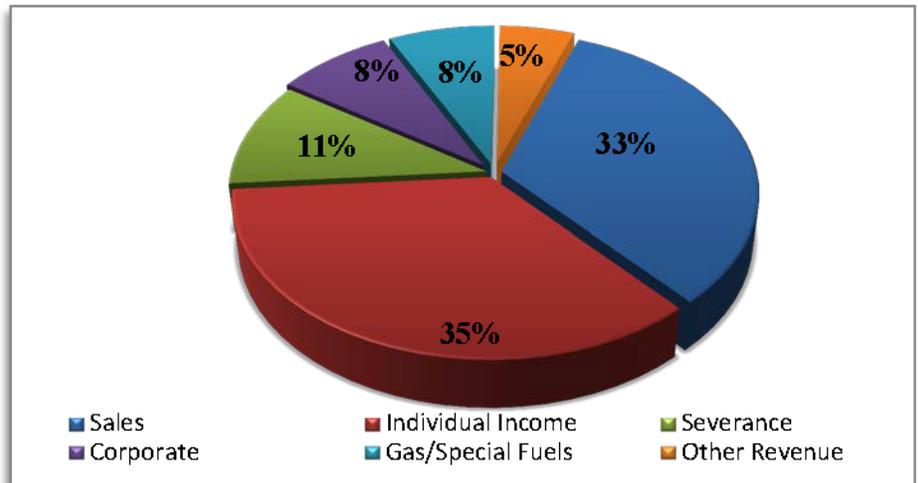
We performed certain procedures at the Department of Revenue (LDR) as a part of the audit of the state of Louisiana's financial statements and the Single Audit of the State of Louisiana to evaluate its accountability over public funds for the period July 1, 2013 through June 30, 2014.

What We Found

Our procedures at LDR, which included a consideration of internal controls over financial reporting and compliance, and an examination of evidence related to certain account balances and classes of transactions, disclosed the following:

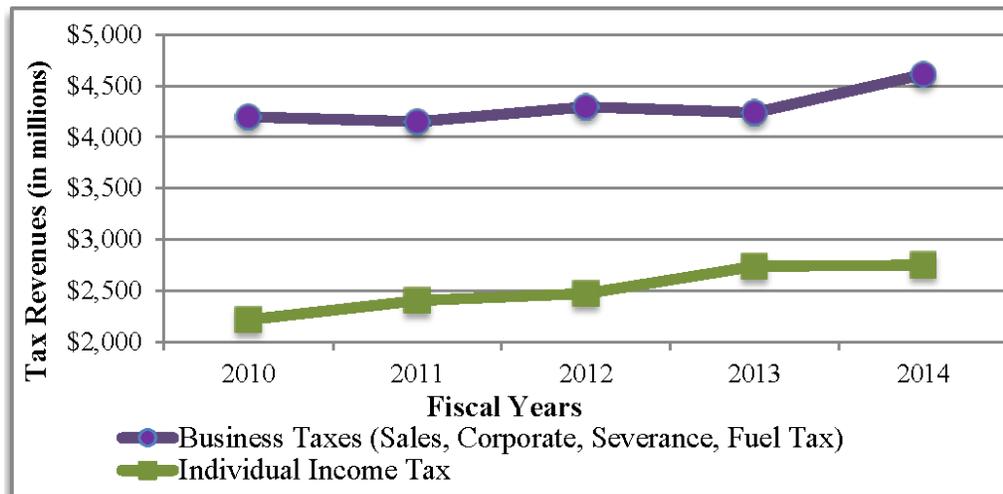
- LDR did not have effective controls in place during fiscal year 2014 to ensure that interest on refunds from legal settlements was accurately calculated, resulting in two corporate refund overpayments totaling more than \$22 million.
- LDR did not effectively implement or adequately monitor controls over LaCarte card purchases during fiscal year 2014, resulting in unauthorized purchases, inadequate documentation, an increased risk of errors and fraud, and non-compliance with state guidelines.
- LDR understated refunds payable by \$20 million and pending litigation by \$116 million in its 2014 Annual Fiscal Report due to errors which could result in misstatements of the state's Comprehensive Annual Financial Report.
- LDR did not have an effective internal audit function during fiscal year 2014, increasing the risk that errors and/or fraud could occur and remain undetected.

Fiscal Year 2014 Collections



Source: Fiscal Year 2014 Department of Revenue Annual Fiscal Report

Five-Year Major Revenue Trend



Source: Department of Revenue Annual Fiscal Reports, as adjusted

Based on a five-year analysis, major tax revenues increased by a combined \$949 million since 2010. Business tax collections increased by \$374 million during FY 2014 due to a tax amnesty program administered by the department.

View the full report, including management's response, at www.la.gov.