

LOUISIANA ECONOMIC DEVELOPMENT

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED NOVEMBER 21, 2018

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Louisiana Economic Development



November 2018

Audit Control # 80180115

Introduction

As a part of our audit of the state of Louisiana's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018, we performed procedures at the Louisiana Economic Development (LED) to provide assurances on financial information that is significant to the state's CAFR; evaluate the effectiveness of LED's internal controls over financial reporting and compliance; and determine whether LED complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the finding reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year finding reported in the LED management letter dated November 29, 2017. We determined that management has resolved the prior-year finding related to Weaknesses in Controls over LaCarte and CBA Purchases.

Comprehensive Annual Financial Report (CAFR) – State of Louisiana

As a part of our audit of the CAFR for the year ended June 30, 2018, we considered internal control over financial reporting and examined evidence supporting the note disclosure required by Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatement Disclosures*. This GASB Statement requires disclosures of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues.

Based on the results of these procedures, we did not report any internal control deficiencies or noncompliance with laws or regulations. In addition, the note disclosure was materially correct, as adjusted.

Other Procedures

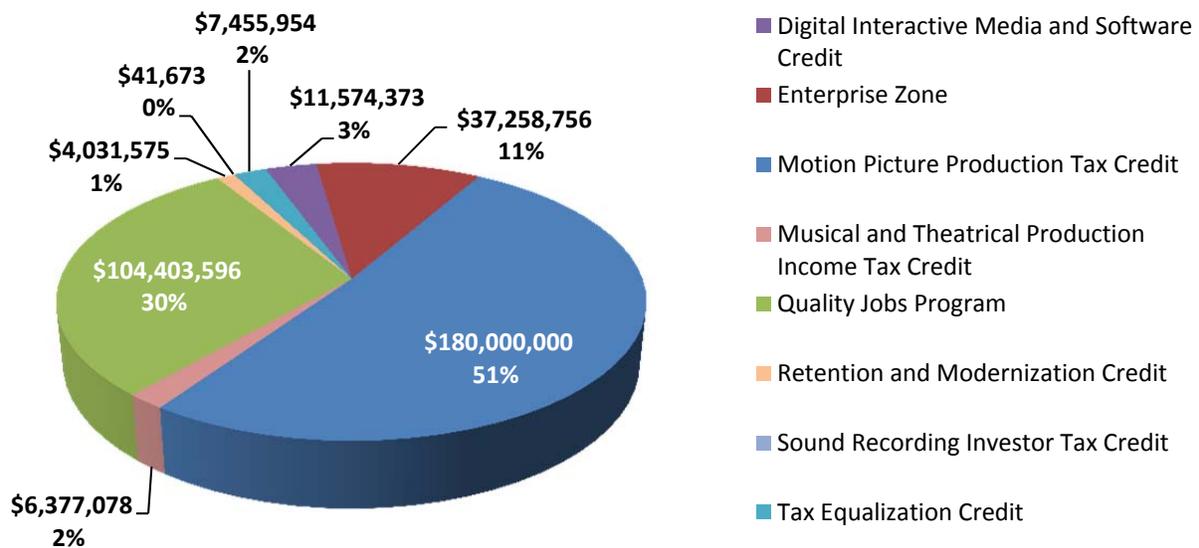
In addition to the CAFR procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing LED’s internal control and compliance with related laws and regulations over LaCarte Card and CBA purchases as part of our follow-up to prior-year findings.

Based on the results of these procedures performed, we found no issues or weaknesses that were required to be reported.

Trend Analysis

We compared the most current and prior-year financial activity using LED’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from LED’s management for any significant variances. We also prepared an analysis of fiscal year 2018 Tax Abatement Disclosures. The 11 Tax Abatement Programs administered by LED were included in the disclosure; however, three of the programs – Competitive Projects Payroll Incentive, Exemptions for Manufacturing Establishments, and Ports Investor Tax Credits – reported no abatements for fiscal year 2018. Of the more than \$350 million in tax credits granted, two programs – the Motion Picture Production Tax Credit and the Quality Jobs Program – represent 81% of total credits.

Fiscal Year 2018 Tax Abatements
Total: \$351,143,005



Source: LED Annual Fiscal Report

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Thomas H. Cole, CPA
First Assistant Legislative Auditor

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LED2018

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Economic Development (LED) for the period from July 1, 2017, through June 30, 2018, to provide assurances on financial information significant to the state of Louisiana's Comprehensive Annual Financial Report (CAFR), and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the CAFR for the year ended June 30, 2018.

- We evaluated LED'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 LED.
- Based on the documentation of LED's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the CAFR.
- We compared the most current and prior-year financial activity using LED's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LED management for significant variances.

In addition, we performed procedures related to LaCarte Card and CBA purchases as part of our follow-up to prior-year findings. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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

We did not audit or review LED's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LED's accounts are an integral part of the state of Louisiana's CAFR, upon which the Louisiana Legislative Auditor expresses opinions.