



DARYL G. PURPERA,
CPA, CFE

Report Highlights

Management Controls, Accuracy, and Reliability of Program Data Reported in the UEDBR

Louisiana Economic Development

Audit Control # 40150070

Performance Audit Services • November 2018

Why We Conducted This Audit

Louisiana Revised Statute 51:935.1 requires the Legislative Auditor to conduct an annual performance audit to evaluate the management controls, accuracy, and reliability of the data reported for at least three economic development programs reported in Louisiana Economic Development's (LED) annual Unified Economic Development Budget Report (UEDBR). LED released the most recent UEDBR in April 2017. In accordance with this mandate, we reviewed three programs from the most recent UEDBR report released by LED.

What We Found

We found that the information LED reported in the 2016 UEDBR contained some unreliable elements, because the forecast elements lacked sufficient supporting documentation and because LED may have overstated the economic impact of the Motion Picture Tax Credit by including only the upper-bound estimate from a contracted economic impact study without also including the accompanying lower-bound estimate. Specifically, we found the following:

1 We could not evaluate the reliability of LED's forecasts of credits issued and qualified expenditures for all three tax credits for fiscal year 2017 because LED could not provide sufficient documentation supporting its calculations for nine (60%) of the 15 forecast data elements. As a result, users of the UEDBR should not rely on these numbers to evaluate the projected size of these incentive programs. While LED officials did provide the project lists that they review in formulating their forecasts, the spending amounts for these projects did not add up to the forecast amounts listed in the UEDBR, and LED could not provide documentation showing how it used the project lists to make the forecast.

2 LED may have overstated the economic impact of the Motion Picture Tax Credit in the UEDBR because LED included only the upper-bound estimate from a contracted economic impact study without also including the accompanying lower-bound estimate. As a result, the economic impact estimate in the UEDBR for the Motion Picture Tax Credit assumes that all motion picture production expenses that qualified for the credit were paid to individuals and businesses that reside or are based in Louisiana. This makes the economic impact of this credit appear greater than the true impact.

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