



Report Highlights

Department of Revenue

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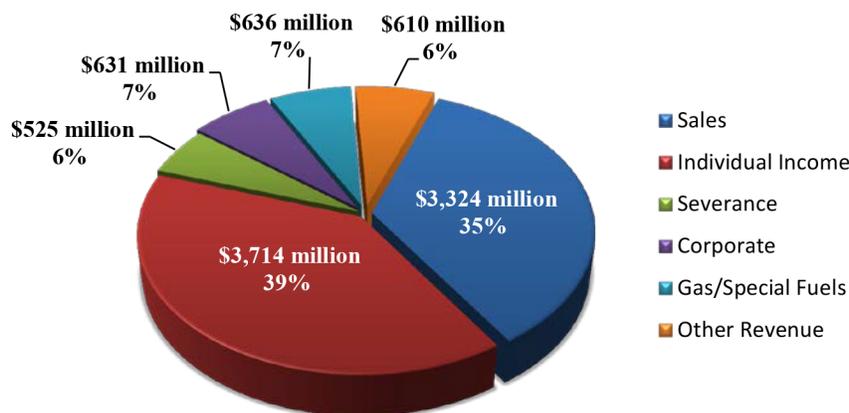
Why We Conducted This Audit

We performed certain procedures at the Louisiana Department of Revenue (LDR) as a part of the Comprehensive Annual Financial Report (CAFR) of the State of Louisiana, and to evaluate LDR's accountability over public funds for the period July 1, 2018, through June 30, 2019.

What We Found

- LDR incorrectly reported accounts receivable balances in its 2019 Annual Fiscal Report (AFR), which is used by the Division of Administration, Office of Statewide of Statewide Reporting and Accounting Policy (OSRAP) to compile the state of Louisiana's CAFR. Gross receivables were understated by \$34.4 million, and the allowance for uncollectibles for Qualified receivables was understated by approximately \$166.6 million. Failure to accurately report financial information in LDR's AFR can result in misstatements of the state's CAFR.
- Effective controls had not been implemented over the approval and release of refund ACH batch files to prevent duplicate refund payments. In March 2019, a failed nightly Delta system job stream led to the creation of a duplicate direct deposit file. The failure to detect the duplication caused 66,780 individual income tax refunds totaling \$26.9 million to be processed and refunded to taxpayers twice. Immediately following the error, LDR began implementing additional control procedures to prevent future errors and began efforts to recover the refunds made in error. As of November 8, 2019, 6,295 refunds totaling \$1,953,570 were still not recovered by LDR.
- We also prepared an analysis of fiscal year 2019 tax revenue collections. The majority of revenues collected by LDR, 74% of total tax revenues, is generated by the collection of Individual Income tax and Sales tax.

Fiscal Year 2019 Collections



Source: Fiscal Year 2019 Department of Revenue Annual Fiscal Report

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