



# Report Highlights

## Department of State

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Financial Audit Services • July 2018

### Why We Conducted This Work

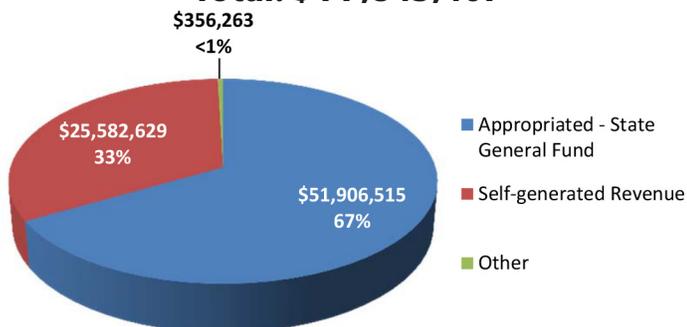
We performed certain procedures at the Department of State (DOS) to evaluate certain controls that DOS uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds for the period July 1, 2016, through June 27, 2018.

### What We Found

- State laws require LLCs and nonprofits to file annual reports and pay associated filing fees with DOS. State laws also require DOS to revoke the articles of LLCs and nonprofits if they fail to file an annual report for three consecutive years. DOS management indicated that some LLCs and nonprofits only file and pay for their annual report once or twice every three years to avoid revocation. Based on the number of annual reports that were not filed during calendar years 2015, 2016, and 2017, potentially more than \$4 million could have been collected by DOS, but was not.
- We followed up on the status of the prior-report findings and determined that management has resolved the finding related to Inadequate Documentation for Election Expenses. The finding related to Fines on Foreign Corporations and Foreign Limited Liability Companies was based on our conclusion that DOS was responsible for assessing fines established in Louisiana Revised Statute (R.S.) 12:315 and 12:1356 and failed to do so. In the 2017 Regular Session, Act 367 repealed R.S. 12:315 and R.S. 1356 in their entirety.
- We evaluated the controls and transactions relating to professional service contracts, purchasing card expenditures, payroll expenditures, election cost recoveries, and commercial revenues. Except as noted above, we found these controls provided reasonable assurance of accountability over public funds for the period examined.
- We compared the most current and prior-year financial activity to identify trends and obtained explanations from management for any significant variances that could potentially indicate areas of risk. Management provided reasonable explanations for all significant variances. The charts below show the department's fiscal year 2017 revenues and expenditures.

#### Fiscal Year 2017 Sources of Revenue

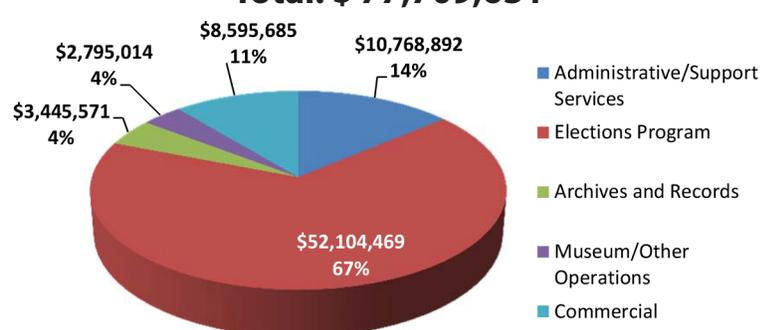
Total: \$ 77,845,407



Source: DOS 2017 Annual Fiscal Report

#### Fiscal Year 2017 Expenditures

Total: \$ 77,709,631



Source: DOS 2017 Appropriation Report

View the full report, including management's response, at [www.la.gov](http://www.la.gov).