

DEPARTMENT OF CHILDREN AND FAMILY SERVICES

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED JANUARY 6, 2021

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Department of Children and Family Services

January 2021

Audit Control # 80200085

Introduction

As a part of our audit of the State of Louisiana's Comprehensive Annual Financial Report (CAFR) and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2020, we performed procedures at the Department of Children and Family Services (DCFS) to provide assurances on financial information that is significant to the state's CAFR; evaluate the effectiveness of DCFS's internal controls over financial reporting and compliance; and determine whether DCFS complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the findings reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the DCFS management letter dated December 23, 2019. We determined that management has resolved the prior-year findings related to Noncompliance and Control Weakness Relating to the Temporary Assistance for Needy Families (TANF) Income Eligibility Verification and Control Weakness over Foster Care Payments. The prior-year findings related to Noncompliance and Control Weakness Relating to Foster Care Subrecipient Monitoring and Noncompliance and Control Weakness Related to the TANF Work Verification Plan have not been resolved and are addressed again in this letter.

Current-year Findings

Noncompliance and Control Weakness Related to the TANF Work Verification Plan

DCFS did not ensure that all work-eligible cash assistance recipients were engaged in work activities and that supporting documentation was maintained for hours worked under the TANF program.

In a sample of 60 work activity records in the job-tracking system from July 2019 to February 2020, 25 (42%) work-eligible participants either had no work activity hours reported in the job-

tracking system or did not have supporting documentation of work activities as required by federal regulations.

DCFS had a contract with Louisiana Workforce Commission (LWC) during fiscal year 2020 to perform case management services. However, our procedures, on the first eight months of the fiscal year noted above, indicate that monitoring by DCFS has not resulted in compliance by LWC. In addition, LWC management represented that case workers began resigning due to the approaching contract end date of September 30, 2020, which prevented LWC from performing case management services through June 2020. LWC's inability to comply with contract terms resulted in DCFS noncompliance with work verification plan requirements.

This is the ninth consecutive year a lack of documentation has been reported for which the federal government could assess penalties to the state. While LWC has been contracted to perform case management services since fiscal year 2016, DCFS will be performing case management services for fiscal year 2021.

DCFS should ensure case management services are provided to TANF clients and maintain adequate documentation to meet program objectives and comply with federal program requirements. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 1).

Control Weakness over Foster Care Subrecipient Monitoring

For the second consecutive audit, DCFS did not adequately review subrecipient invoices to ensure reimbursements were made for eligible Foster Care expenditures.

A review of the 12 Office of Juvenile Justice (OJJ) maintenance invoices paid by DCFS in fiscal year 2020 disclosed the following for five (42%) of those invoices:

- For two invoices, OJJ billed DCFS for two residents who were not eligible for Foster Care, resulting in an overpayment of \$2,501.
- For one invoice, OJJ paid the residential facility for five days but billed DCFS for six days, resulting in an overpayment of \$95.
- For two invoices, OJJ billed DCFS the incorrect daily rate, resulting in an overpayment of \$77.

Failure to properly review invoices resulted in total overpayments of \$2,673 considered questioned costs. These conditions occurred because of a weakness in controls in monitoring Foster Care subrecipient reimbursements.

DCFS program management and subrecipient contract monitors should ensure subrecipients are reimbursed for eligible residents and only for days in residence, as well as, at the correct daily rate. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 2).

Comprehensive Annual Financial Report (CAFR) – State of Louisiana

As a part of our audit of the CAFR for the year ended June 30, 2020, we considered internal control over financial reporting and examined evidence supporting DCFS's Supplemental Nutrition Assistance Program (SNAP) benefit expenditures, as reported in the note disclosure in its annual fiscal report.

The SNAP benefits expenditures tested are materially correct.

Federal Compliance – Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2020, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on DCFS's major federal programs, as follows:

- Supplemental Nutrition Assistance Program Cluster (CFDA 10.551, 10.561)
- Child Support Enforcement (CFDA 93.563)

Those tests included evaluating the effectiveness of DCFS's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether DCFS complied with applicable program requirements. In addition, we performed procedures on information submitted by DCFS to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA) and on the status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings, as required by Uniform Guidance.

DCFS's information submitted for the preparation of the state's SEFA and the state's Summary Schedule of Prior Audit Findings, as adjusted, is materially correct.

Other Procedures

In addition to the CAFR and Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing DCFS's internal control and compliance with related laws and regulations over LaCarte, Fueltrac, and travel expenditures, as well as, the annual movable property certifications.

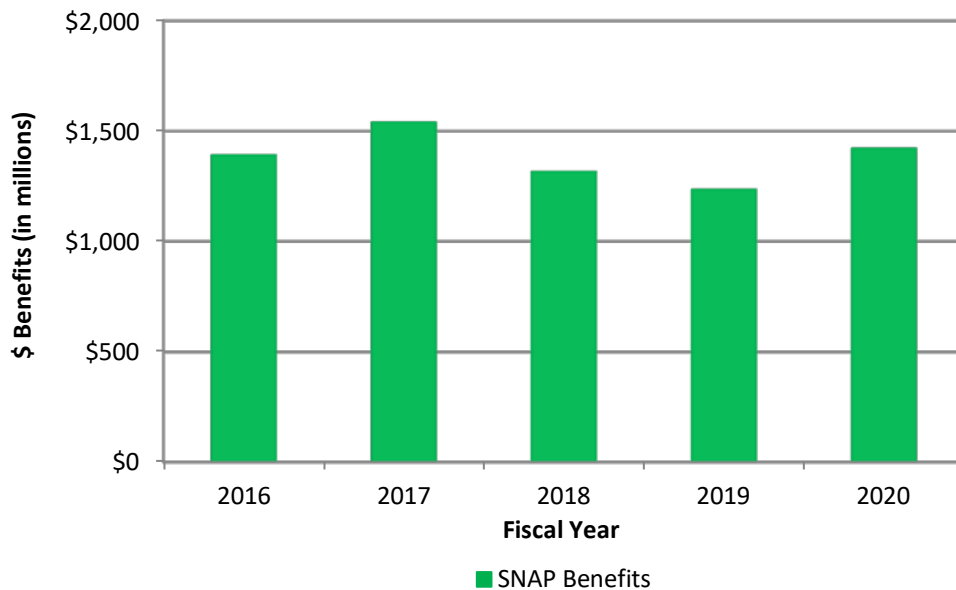
Based on the results of these procedures, we did not report any findings.

Trend Analysis

We compared the most current and prior-year financial activity using DCFS’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from DCFS’s management for any significant variances. We also prepared an analysis of SNAP benefits and average number of SNAP households that received benefits over the last five fiscal years.

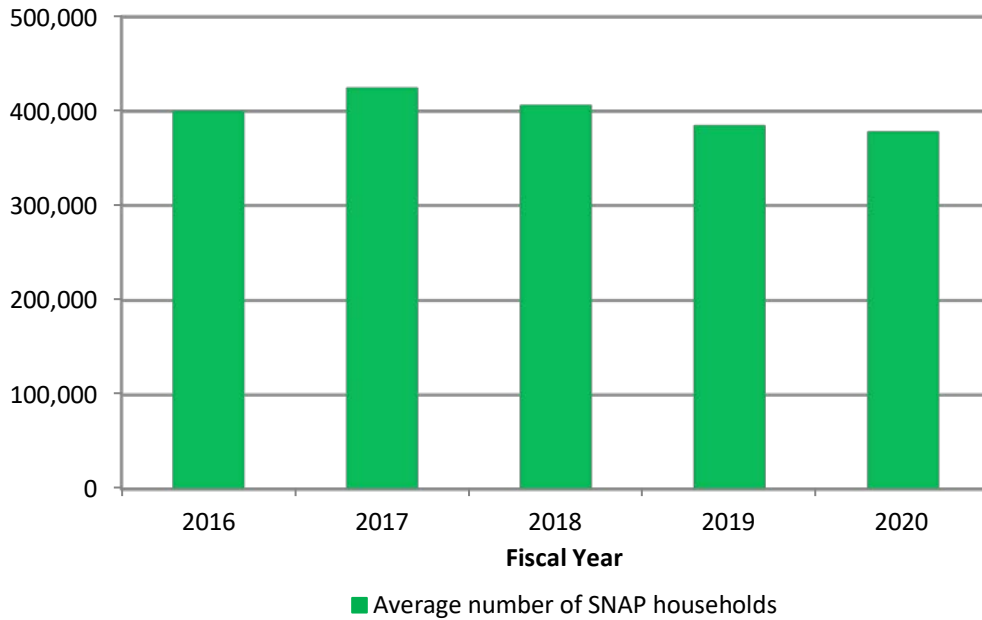
In analyzing the financial trends of DCFS SNAP benefits over the past five fiscal years, benefits increased in fiscal year 2017 due to disaster food stamps issued for the widespread flooding that occurred in August 2016 and tornados that hit New Orleans in February 2017. Benefits decreased in fiscal year 2018 and again in fiscal year 2019 due to decreases in the number of SNAP households. In fiscal year 2020, although the number of SNAP households decreased slightly, there were increases in benefits due to COVID-19 pandemic benefits (Exhibit 1). The average number of SNAP households generally follows the financial trends of SNAP benefits (Exhibit 2).

**Exhibit 1
SNAP Benefits**



Source: Fiscal Year 2016-2020 Annual Fiscal Reports


**Exhibit 2
Average Number of SNAP Households**



Source: DCFS LAMI and LITE Systems

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of DCFS. The nature of the recommendations, their implementation costs, and their potential impact on the operations of DCFS should be considered in reaching decisions on courses of action. The findings related to DCFS’s compliance with applicable laws and regulations should be addressed immediately by management.

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

Respectfully submitted,

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

BP:AD:RR:EFS:aa

DCFS 2020

APPENDIX A: MANAGEMENT'S RESPONSES



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John Bel Edwards, Governor
Marketa Garner Walters, Secretary

December 16, 2020

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

The Department of Children and Family Services (DCFS) has received the finding titled “Noncompliance and Control Weakness relating to the Temporary Assistance for Needy Families (TANF) Work Verification Plan.” The finding states that after reviewing 60 participants’ work activity records, 25 work-eligible participants had no work activity hours or did not have supporting documentation of work activities. The finding also states that the Louisiana Workforce Commission (LWC) could not perform case management services in accordance with contract terms, resulting in DCFS’ noncompliance with work verification plan requirements. DCFS concurs with the finding.

DCFS no longer has a contract with LWC and has resumed responsibility for case management services to work-eligible cash assistance recipients. DCFS has created a Workforce Division with a statewide unit consisting of three supervisors and 24 direct service workers who are in permanent positions in the Department. Supervisors within the unit will conduct frequent case reviews to assure work activities are properly documented.

The Department will also seek to amend [LA Revised Statute 46:231.12](#), which requires the DCFS Secretary to provide workers’ compensation and liability insurance coverage for participants engaged in work experience or community service activities. Louisiana has been unable to secure a vendor who will provide worker’s compensation and liability insurance for STEP participants. This statute has greatly curtailed Louisiana’s ability to engage participants in the minimum number of work activities each month.

The new Louisiana Integrated Technology for Eligibility (LITE) system is now functional and will be used by the DCFS Workforce staff providing case management services to work-eligible participants. LITE replaced the antiquated job-tracking system and features real-time data entry and on demand reports. DCFS Workforce staff will institute an enhanced monitoring plan that will identify participant cases without work activities and cases that are not meeting the minimum number of work hours. Identified cases will be reported regularly and Workforce staff will work with participants to obtain the required documentation. DCFS has also engaged the Tuapath program to create a system that will assist work-eligible participants in providing mandatory documentation. Finally, DCFS is working with the Mathematica Consulting Group to provide training to DCFS Workforce staff to improve case management provision and engagement.

These new practices should begin in the Spring of 2021 and our goal is to fully implement the program by Spring of 2022. The contact person for the DCFS Workforce program is Lorrie Briggs, Deputy Assistant Secretary of Workforce Development. She can be reached at (337) 344-9676 or Lorrie.Briggs.DCFS@la.gov.

Sincerely,

Marketa Garner Walters
Secretary

cc: Shavana Howard, Assistant Secretary
Jean Guinta, Deputy Assistant Secretary





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John Bel Edwards, Governor
Marketa Garner Walters, Secretary

December 9, 2020

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

The Department of Children and Family Services (DCFS) has received the finding titled "Control Weakness over Foster Care Subrecipient Monitoring".

The finding cites DCFS for not adequately reviewing Foster Care subrecipient invoices to ensure reimbursements were made only for eligible residents, allowable dates of service and correct daily rates. DCFS concurs with the finding and agrees there were some overpayments to the Office of Juvenile Justice (OJJ).

At the conclusion of the 2019 Louisiana Legislative Audit, DCFS developed a detailed manual process for reviewing and approving invoices with the goal of strengthening controls over Foster Care Subrecipient Monitoring. This process has been successful in identifying and reducing errors that would have resulted in over/underpayments. However, with the hundreds of elements on each invoice that have to be checked manually and the fact that youth in residential placements frequently move in and out of Title IVE eligibility, the manual process is susceptible to errors.

The most viable solution for eliminating errors is automation of the invoice review process. DCFS will work with OJJ and Office of Technology Services administrators to fully explore the feasibility of an electronic solution, and if one is practical, prioritize and expedite this solution to eliminate errors to the greatest extent possible. We expect this assessment to be complete in January 2021. In the meantime, the existing monitoring and oversight plan will continue, while adding a secondary layer of oversight to increase controls. The secondary level of review will include the Manager re-reviewing invoices to assure that no other issues exist outside of what has already been identified and that the new consultant assigned to the task fully understands her role in oversight and monitoring.

The contact person for DCFS' Title IVE Foster Care program is Melissa Kenyon, Child Welfare Manager 2, and she can be reached at (225) 342-4782 or Melissa.maiello@la.gov.

Sincerely,

Marketa Garner Walters
Secretary



APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Children and Family Services (DCFS) for the period from July 1, 2019, through June 30, 2020, 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. Our procedures, summarized below, are a part of the audit of the CAFR and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2020.

- We evaluated DCFS'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 DCFS.
- Based on the documentation of DCFS's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on Supplemental Nutrition Assistance Program benefit expenditures to support our opinions on the CAFR.
- We performed procedures on Supplemental Nutrition Assistance Program Cluster (CFDA 10.551, 10.561) and Child Support Enforcement (CFDA 93.563) for the year ended June 30, 2020, as a part of the 2020 Single Audit.
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2020, as a part of the 2020 Single Audit.
- We compared the most current and prior-year financial activity using DCFS's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from DCFS's management for significant variances.

In addition, we performed procedures on LaCarte, Fueltrac, and travel expenditures, as well as, the annual movable property certifications. 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 DCFS and not to provide an opinion on the effectiveness of DCFS'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 DCFS's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. DCFS's accounts are an integral part of the state of Louisiana's CAFR, upon which the Louisiana Legislative Auditor expresses opinions.