

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS –
YOUTH SERVICES – OFFICE OF JUVENILE JUSTICE

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 23, 2019

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Department of Public Safety and Corrections -
Youth Services – Office of Juvenile Justice

December 2019

Audit Control # 80190105

Introduction

As a part of our audit of the Single Audit Report of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2019, we performed procedures at the Department of Public Safety and Corrections – Youth Services – Office of Juvenile Justice (OJJ) to evaluate the effectiveness of OJJ’s internal controls over a major federal program and to determine whether OJJ complied with applicable laws and regulations.

Results of Our Procedures

Current-year Finding

Noncompliance and Control Weakness Relating to Foster Care Billings

OJJ did not adequately review Foster Care invoices submitted to the Department of Children and Family Services (DCFS) for reimbursement to ensure billings were made in accordance with approved contract rates and only included allowable dates of service. Failure to properly review invoices resulted in over and under billings and could result in disallowed costs by the federal grantor.

A sample of three maintenance (cost of care) invoices billed to DCFS disclosed exceptions for all three (100%) invoices, some of which had more than one error, as follows:

- For one invoice, OJJ billed for 11 days that had been previously reimbursed, resulting in an overpayment of \$1,016.
- For one invoice, the daily rate billed for two residential facilities did not agree to the contract rate, resulting in overpayments of \$809.
- For one invoice, OJJ paid the residential facility for 28 days but requested reimbursement for 29 days, resulting in an overpayment of \$92.
- For one invoice, OJJ paid the residential facility for 27 days but requested reimbursement for 28 days, resulting in an overpayment of \$92.

- For three invoices, OJJ paid residential facilities the enhanced supervision rate for certain residents but requested reimbursement at the basic supervision rate, resulting in an underpayment of \$6,661.

Due to the exceptions noted above, additional procedures were performed on the remaining eight maintenance invoices paid in fiscal year 2019, some of which had more than one error. Audit procedures disclosed the following:

- For two invoices, the daily rate billed for two residential facilities did not agree to the contract rate, resulting in overpayments of \$4,100.
- For seven invoices, OJJ paid residential facilities the enhanced supervision rate for certain residents but requested reimbursement at the basic supervision rate, resulting in an underpayment of \$14,839.

In total, there were \$6,109 in overpayments considered questioned costs and \$21,500 in underpayments. These conditions occurred because of a weakness in controls in the review of Foster Care maintenance invoices.

OJJ should adequately review invoices submitted to DCFS and ensure it only bills for allowable days, as well as at the established daily and supervision rates. Management concurred with the finding and provided a corrective action plan (see Appendix A).

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2019, 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 OJJ's major federal program, Foster Care – Title IV-E (CFDA 93.658).

Those tests included evaluating the effectiveness of OJJ's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether OJJ complied with applicable program requirements.

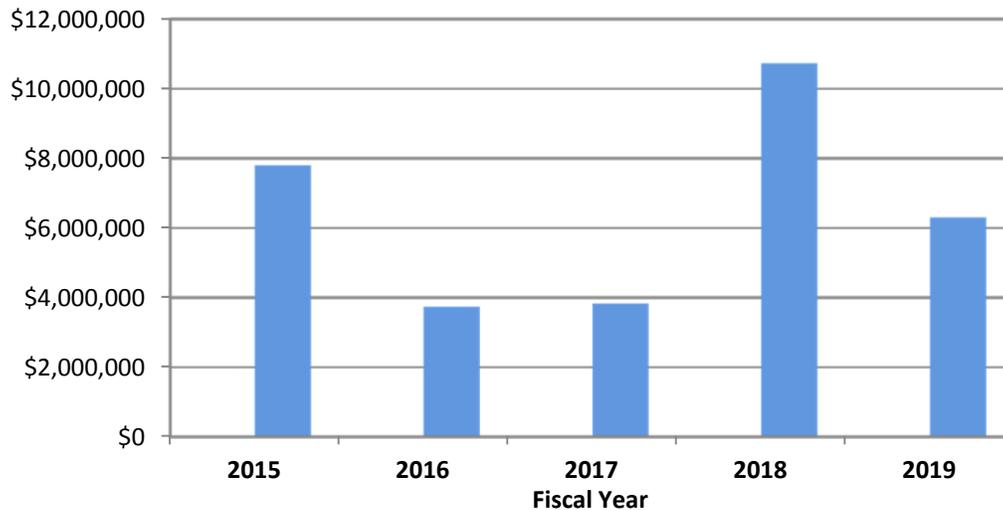
Based on the results of these Single Audit procedures, we reported a finding related to Noncompliance and Control Weakness Relating to Foster Care Billings. This finding will also be included in the Single Audit for the year ended June 30, 2019.

Trend Analysis

We prepared an analysis of OJJ's Foster Care reimbursements from DCFS over the past five fiscal years. Revenues were lower in fiscal years 2016 and 2017 due to a rate methodology issue for residential facilities that prevented OJJ from being reimbursed for cost of care services. This

issue was resolved in fiscal year 2018, and reimbursements for fiscal years 2016 and 2017 are seen in the 2018 increase. In fiscal year 2019, revenues stabilized. See Exhibit 1 below.

Exhibit 1
Five-Year Trend in Foster Care Revenues



Source: Business Objects Reports

The recommendation in this letter represents, in our judgment, that which will most likely bring about beneficial improvements to the operations of OJJ. The nature of the recommendation, its implementation costs, and its potential impact on the operations of OJJ should be considered in reaching decisions on courses of action. The finding related to OJJ’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

OJJ2019

APPENDIX A: MANAGEMENT'S RESPONSE



December 6, 2019

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

Dear Mr. Purpera,

Please allow this to serve as the official response for both the Management Letter and the Single Audit Report in reference to the finding concerning Noncompliance and Control Weakness Relating to Foster Care Billings.

The Office of Juvenile Justice (OJJ) does concur with the finding. The agency has a responsibility for ensuring that the Foster Care maintenance invoices are properly reviewed and contain only allowable expenses. In doing so, the agency must ensure that the Department of Public Safety's (DPS) Accounting Section as well as the receiving agency, the Department of Children and Family Services (DCFS), are aware of any changes related to the programs in which it seeks reimbursement for. This did not occur after there were rate changes resulting from a recent advertisement and Request for Proposals.

Effective immediately, the Undersecretary, Geary T. Williams, will ensure changes in rates are communicated to the DPS Accounting Section. Wayne Tedesco, in the DPS-Accounting Section, will ensure the billing document, which is submitted to the DCFS for reimbursement, contains the current rates for all providers. In addition, the Program Specialists and the Program Manager, Karli Pullard, will ensure that the Provider Invoices reflect the contracted rate and seek payment for the proper number of days. The agency will also communicate with the DCFS to discuss processes and seek feedback on any additional safeguards and back up documentation that can be put in place or provided.

Sincerely

A handwritten signature in blue ink that reads "Geary T. Williams".

Geary T. Williams
Undersecretary

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Public Safety and Corrections – Youth Services – Office of Juvenile Justice (OJJ) for the period from July 1, 2018, through June 30, 2019, 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 Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2019.

- We evaluated OJJ’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 OJJ.
- We performed procedures on the Foster Care – Title IV-E (CFDA 93.658) Program for the year ended June 30, 2019, as a part of the 2019 Single Audit.
- We prepared an analysis of OJJ’s Foster Care reimbursements from the Department of Children and Family Services over the past five fiscal years.

The purpose of this report is solely to describe the scope of our work at OJJ, and not to provide an opinion on the effectiveness of OJJ’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 OJJ’s Annual Fiscal Report, and accordingly, we do not express an opinion on that report. OJJ’s accounts are an integral part of the state of Louisiana’s CAFR, upon which the Louisiana Legislative Auditor expresses opinions.