

DEPARTMENT OF CHILDREN AND FAMILY SERVICES

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES

MANAGEMENT LETTER

ISSUED JUNE 20, 2022

**LOUISIANA LEGISLATIVE AUDITOR  
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MICHAEL J. "MIKE" WAGUESPACK, CPA

**FIRST ASSISTANT LEGISLATIVE AUDITOR**  
ERNEST F. SUMMERVILLE, JR., CPA

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# Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Department of Children and Family Services



June 2022

Audit Control # 80210038

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## Introduction

As a part of our audit of the State of Louisiana’s Annual Comprehensive Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2021, 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 Annual Comprehensive Financial Report; 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

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### Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the DCFS management letter dated January 6, 2021. We determined that management has resolved the prior-year finding related to Control Weakness over Foster Care Subrecipient Monitoring. The prior-year finding related to Noncompliance and Control Weakness Related to the Temporary Assistance for Needy Families (TANF) Work Verification Plan has not been resolved and is addressed again in this letter.

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### Current-year Findings

#### **Noncompliance and Control Weakness Related to the Temporary Assistance for Needy Families Work Verification Plan**

DCFS did not provide case management services to cash assistance recipients from July 2020 through April 2021, under the TANF program. Failure to provide case management services resulted in noncompliance with work verification plan requirements, including determining when a TANF recipient is ready to engage in work activities. Noncompliance could result in penalties assessed on the state by the federal grantor. This is the tenth consecutive year we have reported exceptions with internal controls and compliance related to this TANF requirement.

Federal regulations require that a parent or caretaker receiving assistance must engage in work activities when the state has determined that the individual is ready to engage in work. The current work verification plan requires TANF case managers to determine whether a TANF recipient is a work-eligible individual.

When the contract with Louisiana Workforce Commission ended, DCFS became responsible for providing case management services to cash assistance recipients on July 1, 2020. A new Workforce Development Section was created within DCFS to manage and conduct these services, but implementation was ongoing throughout the fiscal year, and case management services did not begin until May 2021. Also, DCFS contracted with Mathematica, a national consulting firm, to develop case management and train case management coaches to work with participants, which took additional time. Additional delays occurred due to DCFS employees being pulled away from their regular duties to assist in emergency responses.

DCFS should ensure case management services are provided to TANF recipients 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 Social Services Block Grant Activities Allowed or Unallowed and Reporting Requirements**

DCFS did not have a process in place to ensure \$16 million of TANF grant funds transferred to the Social Services Block Grant (SSBG) were only used for programs or services for children or their families whose income is less than 200% of the poverty level. While DCFS was unable to initially provide support that showed TANF funds transferred to SSBG were used only for services to clients who met the income threshold, it subsequently gathered data and developed a methodology to substantiate the federal expenditures.

In addition, the SSBG Post Expenditure Report included all individuals who received services through other federal programs which can be supported with SSBG funds rather than only those individuals who actually received services paid for in whole or in part with SSBG funds, as required.

Failure to implement proper controls over the accounting for SSBG expenditures could result in noncompliance with federal regulations, increases the likelihood of disallowed costs that may have to be returned to the federal grantor, and affects required reporting.

Federal regulations require that all TANF amounts paid to a state that are used to carry out state programs under SSBG shall be used only for programs and services to children or their families whose income is less than 200% of the income official poverty line. Each state's financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award. Federal regulations also require that the SSBG Post Expenditure Report present the number of individuals who received services paid for in whole or in part with SSBG funds, showing

separately the number of children and the number of adults who received such services, and broken down in each case to reflect the types of services and circumstances involved.

DCFS utilized the TANF transfer funds based on its knowledge that the majority of the populations served meet the income requirement and did not have a tracking process to identify individuals served by SSBG for reporting purposes.

DCFS should maintain controls to ensure expenditures related to TANF funds transferred to SSBG are used for services related to children and families that meet the income requirements and establish procedures to properly prepare the SSBG Post Expenditure Report. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 2).

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## **Annual Comprehensive Financial Report – State of Louisiana**

As a part of our audit of the Annual Comprehensive Financial Report for the year ended June 30, 2021, we considered internal control over financial reporting and examined evidence supporting DCFS's Supplemental Nutrition Assistance Program (SNAP) benefit expenditures and the Escrow Fund – Title IV-D schedule of activities, as reported in the note disclosure and schedule in its annual fiscal report.

The SNAP benefit expenditures and Escrow Fund – Title IV-D activities tested are materially correct.

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## **Federal Compliance - Single Audit of the State of Louisiana**

As a part of the Single Audit for the year ended June 30, 2021, 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:

- Social Services Block Grant (AL 93.667)
- Pandemic EBT Food Benefits (AL 10.542)

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.

Based on the results of these Single Audit procedures, we reported findings related to Noncompliance and Control Weakness Related to the Temporary Assistance for Needy Families

Work Verification Plan and Control Weakness over Social Services Block Grant Activities Allowed or Unallowed and Reporting Requirements. These findings will also be included in the Single Audit for the year ended June 30, 2021. In addition, 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.

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## **Other Procedures**

In addition to the Annual Comprehensive Financial Report 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 performed, we did not report any findings.

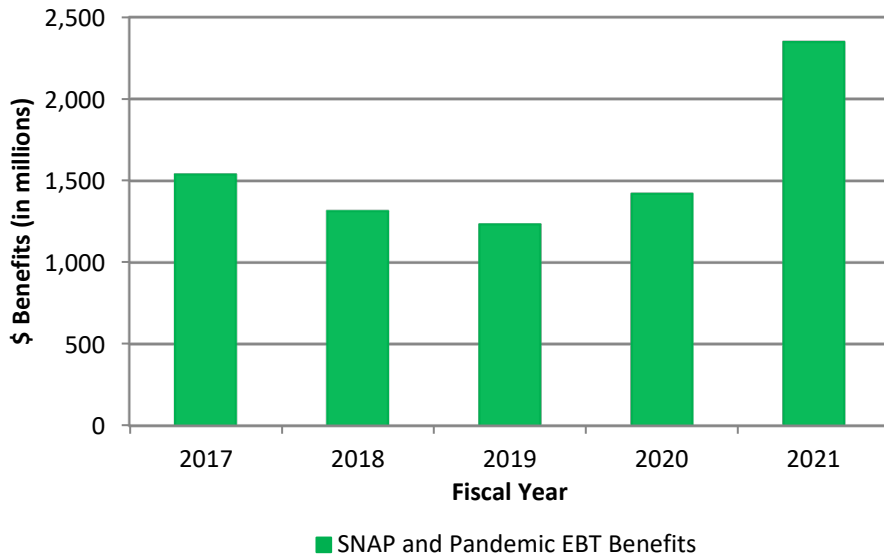
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## **Trend Analysis**

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.

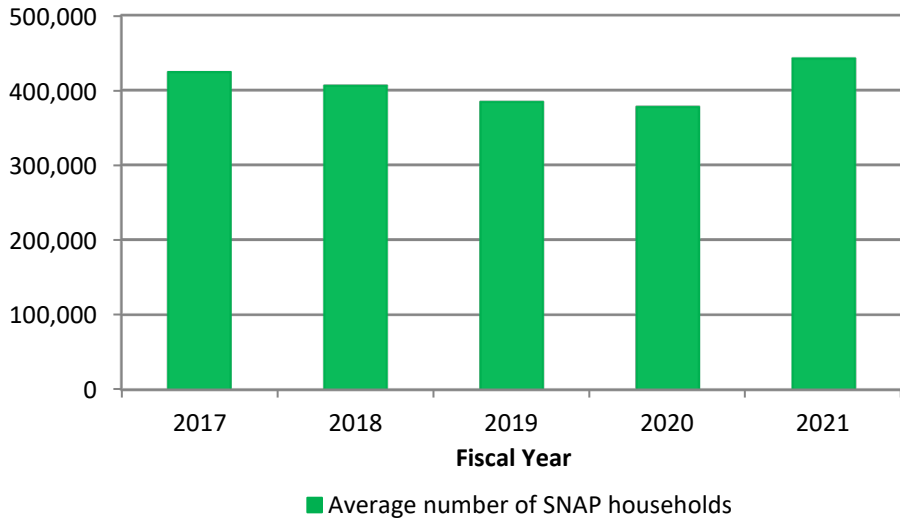
In analyzing the financial trends of DCFS SNAP benefits over the past five fiscal years, benefits decreased in fiscal year 2018 and again in fiscal year 2019 due to decreases in the number of SNAP households. In fiscal year 2020, benefits increased due to the Pandemic EBT Food Benefits federal program. Benefits increased significantly in fiscal year 2021 due to an increase in the number of SNAP households, an increase in Pandemic EBT Food Benefits federal program, and the issuance of disaster food stamps related to five federally declared disasters (Exhibit 1). The average number of SNAP households generally follows the financial trends of SNAP benefits (Exhibit 2).

**Exhibit 1**  
**SNAP and Pandemic EBT Benefits**



Source: Fiscal Year 2017-2021 Annual Fiscal Reports

**Exhibit 2**  
**Average Number of SNAP Households**



Source: DCFS LITE System

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## Other Report

On December 22, 2021, a report was issued by Louisiana Legislative Auditor's Performance Audit Services titled *Temporary Assistance for Needy Families* (Control #40210019). This report provides the results of the Senate Resolution 107 of the 2021 Regular Session request to investigate the implementation and administration of TANF in order to assess the fiscal management of the program, the efficiency of resource utilization, and the effectiveness of state efforts in achieving the program's four goals. This report is available on the Louisiana Legislative Auditor's website.

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 finding 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,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

BP:AD:RR:EFS:aa  
DCFS 2021



## **APPENDIX A: MANAGEMENT'S RESPONSES**





Executive Division  
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John Bel Edwards, Governor  
Marketa Garner Walters, Secretary

December 13, 2021

Mr. Michael J. "Mike" Waguespack, CPA  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack:

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."

DCFS concurs with the finding. The finding states that the Department of Children and Family Services (DCFS) did not provide case management services to cash assistance recipients from July 2020 through April 2021, under the Temporary Assistance for Needy Families (TANF) program. Failure to provide case management services through the Department's Strategies to Empower People (STEP) program, resulted in noncompliance with work verification plan requirements, including determining when a TANF recipient is ready to engage in work activities.

DCFS resumed responsibility for case management services to work-eligible cash assistance recipients in July 2020. In alignment with the Department's continued improvements, we created a Workforce Development Section, focusing on improving the outcomes of TANF participants and aligning all Employment and Training programs in the Department. It took time to restructure the Division, hire staff, train, develop, and implement contracts under the new program initiatives.

Technological systems improvements were necessary to document the TANF/STEP program and provide reports for data analysis. DCFS worked with vendors to align the Louisiana Integrated Technology for Eligibility (LITE) system with the Goal4It! Model used to coach STEP participants. DCFS collaborated with the Office of Technological Services to seek approval to use the Tuapath system, which allows participants to report work activities and to communicate in real time with staff. The enhancement of the LITE system and the implementation of Tuapath will assist DCFS in reporting work activities and monitoring the actions for improvement.

If you have any additional questions, please reach out to Deputy Assistant Secretary Lorrie Briggs, who oversees TANF and the associated work program STEP. You can reach her at (337) 344-9676 or [Lorrie.Briggs.DCFS@la.gov](mailto:Lorrie.Briggs.DCFS@la.gov).

Sincerely,

Marketa Garner Walters  
Secretary

cc: Shavana Howard, Assistant Secretary, Division of Family Support  
Monica Brown, Deputy Assistant Secretary, Economic Stability  
Lorrie Briggs, Deputy Assistant Secretary, Workforce Development





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John Bel Edwards, Governor  
Marketa Garner Walters, Secretary

June 10, 2022

Mr. Michael J. "Mike" Waguespack, CPA  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack:

The Department of Children and Family Services (DCFS) has received the finding titled "Control Weakness over Social Services Block Grant (SSBG) Activities Allowed or Unallowed and Reporting Requirements."

The finding noted DCFS did not have a process in place to ensure Temporary Assistance for Needy Families (TANF) grant funds transferred to the Social Services Block Grant (SSBG) were only used for programs or services for children or their families whose income is less than 200 percent of the poverty level. The finding also noted the SSBG Post Expenditure Report included all individuals who received services through other federal programs which can be supported with SSBG funds rather than only those individuals who actually received services paid for in whole or in part with SSBG funds, as required. Although the audit did not note any unallowed expenditures, DCFS continuously strives to improve processes and controls and concurs with the finding.

DCFS uses a complex cost allocation process to assign expenses to applicable federal programs based on program requirements and eligibility criteria. This includes TANF funds transferred to SSBG that are used for children and families at risk of being in the child welfare system or who are involved in the child welfare system. While DCFS did not have written procedures related specifically to TANF funds transferred into SSBG, DCFS had methods in place to identify clients who meet TANF income restrictions to demonstrate that the TANF transfer funds were used for services to eligible clients.

The Child Welfare Program is working with Fiscal Services, Budget and Cost Allocation to create written procedures that document the department's process for ensuring expenditures related to TANF funds transferred to SSBG are used for services related to children and families who meet the income requirements and ensure the SSBG Post Expenditure Report is properly prepared. We anticipate having this in place by September 30, 2022. The contact person for the 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](mailto:Melissa.Maiello@la.gov).

Sincerely,

Marketa Garner Walters  
Secretary

cc: Terri Ricks, Deputy Secretary  
Rhenda Hodnett, Assistant Secretary  
Eric Horent, Undersecretary



## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Children and Family Services (DCFS) for the period from July 1, 2020, through June 30, 2021, to provide assurances on financial information significant to the State of Louisiana's Annual Comprehensive Financial Report, 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 Annual Comprehensive Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2021.

- 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 certain account balances and classes of transactions to support our opinions on the Annual Comprehensive Financial Report.
- We performed procedures on the Social Services Block Grant (AL 93.667) and the Pandemic EBT Food Benefits (AL 10.542) for the year ended June 30, 2021, as a part of the 2021 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, 2021, as a part of the 2021 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 Annual Comprehensive Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.