

# **LOUISIANA WORKFORCE COMMISSION**

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Management Letter**  
**May 1, 2023**

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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

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

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at [www.la.la.gov](http://www.la.la.gov). When contacting the office, you may refer to Agency ID No. 3352 or Report ID No. 80220088 for additional information.

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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Louisiana Workforce Commission

May 2023

Audit Control # 80220088

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## Introduction

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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, 2022, we performed procedures at the Louisiana Workforce Commission (LWC) to provide assurances on financial information that is significant to the state's Annual Comprehensive Financial Report; evaluate the effectiveness of LWC's internal controls over financial reporting and compliance; and determine whether LWC 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 LWC management letter dated June 6, 2022. We determined that management has resolved the prior-year findings related to Noncompliance with Requirements for the Reemployment Services and Eligibility Assessment Program, Inadequate Controls over Interstate Billing and Employer Charging Requirements, Noncompliance with Reporting Requirements for the Federal Funding Accountability and Transparency Act, and Unexecuted Source Code Escrow Agreement. The prior-year findings related to Inadequate Controls over and Noncompliance with Unemployment Insurance Benefits Requirements, and Noncompliance with Subrecipient Monitoring Requirements have not been resolved and are addressed again in this letter.

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## **Current-year Findings**

### ***Inadequate Controls over and Noncompliance with Unemployment Insurance Benefits Requirements***

For the third consecutive year, LWC did not have adequate internal controls and did not comply with requirements of the Unemployment Insurance (UI) federal program. LWC issued more than \$681 million in benefit payments to more than 260,000 claimants during fiscal year 2022.

In December 2020, Congress passed the Continued Assistance for Unemployed Workers Act of 2020 (CAA), which extended many of the UI-related provisions in the CARES Act and also required claimants to provide supporting documents to verify income and identity, if receiving Pandemic Unemployment Assistance (PUA). Federal funding for the pandemic benefits ended after July 2021.

In a random sample of 60 claimants who were paid \$188,180 in unemployment benefits in fiscal year 2022, we identified errors for 16 claimants, which resulted in questioned costs totaling \$30,704. One claimant file contained multiple errors.

For 13 (22%) out of 60 UI claimants, claimant files did not support monetary eligibility.

- 12 claimant files did not have required wage documentation. CAA required all claimants receiving federal assistance payments after December 27, 2020, to provide evidence of self-employment earnings in order to remain eligible for PUA. While according to LWC, a waiver has been requested from the United States Department of Labor from this requirement; as of March 21, 2023, LWC has not received a waiver.
- One claimant file did not have evidence of child support payments properly withheld from the benefit payment by LWC as instructed by the child support order in the claimant file.

For four (7%) out of 60 UI claimants, claimant files did not support non-monetary eligibility.

- Four claimant files did not include required claimant identification. CAA requires states to verify the identity of PUA applicants whose identities were not previously verified on an Unemployment Compensation (UC), Extended Benefits (EB), or Pandemic Emergency Unemployment Compensation (PEUC) claim within the last 12 months.

Claimant files are required to contain certain information, including wage documentation and claimant identification to support eligibility for benefits paid under the PUA program. Upon notification from Department of Children and Family Services, state law requires child support to be deducted from unemployment compensation as dictated in the court order.

Failure to obtain personal identifying information and wage documents results in noncompliance with federal program requirements and increases the risk of overpayments. Failure to properly withhold child support payments as ordered by a court results in noncompliance with state laws.

LWC should strengthen controls to ensure all required documentation is obtained. In addition, LWC should take the necessary actions to ensure court ordered child support deductions are setup timely to ensure compliance with applicable laws. Management concurred in part with the finding and provided a corrective action plan. (see Appendix A, pages 1-4)

**Additional Comments:** LWC noted in its response that a blanket waiver of overpayments resulting from the implementation of the proof of employment requirement has been requested; however, as noted in the finding and LWC's response, the waiver has not yet been approved. LWC disagrees with the LLA's interpretation of the identity verification requirements. The CAA provisions for identification verification noted above should be applied unless specific guidance is received from the federal grantor stating otherwise. Per CAA, states that previously verified an individual's identity on a UC, EB, or PEUC claim within the last 12 months are not required to re-verify identity on the PUA claim. There was no evidence of verified identification in the claimant files for the errors noted. LWC remains responsible for administering the UI program with adequate internal controls to ensure compliance with federal requirements.

### ***Inadequate Controls over and Noncompliance with Subrecipient Monitoring Requirements***

For the fourth consecutive year, LWC did not adequately follow-up on subrecipient monitoring reports under the Workforce Innovation and Opportunity Act (WIOA) Cluster programs. Failure to timely resolve documentation and questioned costs impairs LWC's ability to ensure that program funds passed through to its subrecipients were spent in accordance with program regulations and increases the risk of improper payments, which LWC may have to repay to the federal grantor. WIOA program expenditures totaled \$56.5 million during state fiscal year 2022, with approximately \$46 million provided to subrecipients.

Our review of LWC's fiscal year 2022 monitoring reports, of fiscal year 2020, for all 15 of LWC's subrecipients, disclosed the following:

- Two monitoring reports were not issued timely by LWC. The monitoring reports were issued 74 and 75 days after the completion of the monitoring review. LWC's policy requires monitoring review reports to be issued 60 days after the completion of the monitoring review.
- For four monitoring reports, close out letters were issued 145 to 191 days after monitoring report issuance. For six monitoring reports, close out letters were not issued as of January 2023, while the monitoring

reports for these reviews were issued more than 200 days prior. The monitoring reports include findings with possible questioned costs totaling \$3.1 million. LWC policy does not specifically address timeliness requirements for close out letters.

In a random sample of five of 15 subrecipient working papers, we noted the following:

- Three subrecipients had findings on the monitoring reports stemming from a lack of documentation supporting the subrecipients' drawdowns of WIOA funds and drawdowns of federal funds could not be reconciled by LWC to the subrecipients accounting records. The monitoring reports noted potential questioned cost associated with these drawdowns. These reviews are included in the six monitoring reports not issued as of January 2023, noted in the bullet above. Timely resolution would allow LWC to quickly address any compliance issues at the subrecipient level. According to LWC, it is working with the subrecipients to reconcile the federal funds drawdowns and close out the reports.

Federal regulations require pass-through entities to perform annual monitoring reviews on all subrecipients and to issue management decisions on applicable findings as well as follow-up to ensure subrecipients take prompt and appropriate action on all audit findings. The review includes a review of subrecipient expenditures to support the LWC's drawdown of federal funds. LWC fiscal relies on the monitoring section to review the drawdown documentation at the subrecipient to ensure that drawdowns are adequately supported.

LWC management should ensure that subrecipient monitoring reports are issued in a timely manner in accordance with LWC policy. LWC management should also develop and implement policy ensuring timely and adequate close out of monitoring reviews. Management concurred in part with the finding and provided a corrective action plan. (see Appendix A, pages 5-17)

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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, 2022, we considered internal control over financial reporting and examined evidence supporting certain account balances and transactions of LWC's Unemployment Trust fund as follows:

### **Statement of Net Position**

**Assets** – Cash in U.S. Treasury, Receivables, and Due from Federal Government

**Liabilities** – Due to Federal Government and Other Current Liabilities

**Statement of Revenues, Expenses, and Changes in Net Position**

**Revenues** – Assessments, Use of Money and Property, Federal Grants and Contracts, and Intergovernmental Revenues

**Expenses** – Unemployment Insurance Benefits

Based on the results of these procedures, we did not report any findings. In addition, the account balances and classes of transactions tested, as adjusted, 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, 2022, 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 LWC's major federal programs, as follows:

- Unemployment Insurance (Assistance Listing 17.225)
- Workforce Innovation and Opportunity Act Cluster (Assistance Listings 17.258, 17.259, and 17.278)
- Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing 21.027)
- Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (Assistance Listing 97.050)

Those tests included evaluating the effectiveness of LWC's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether LWC complied with applicable program requirements. In addition, we performed procedures on information submitted by LWC 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 Inadequate Controls over and Noncompliance with Unemployment Insurance Benefits Requirements, and Inadequate Controls over and Noncompliance with Subrecipient Monitoring Requirements. These findings will also be included in the Single Audit for the year ended June 30, 2022. In addition, LWC'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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## Trend Analysis

We compared the most current and prior-year financial activity using LWC's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LWC's management for any significant variances.

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## Other Reports

Three other reports were issued by the Louisiana Legislative Auditor's Investigative Audit Services. These reports are available on the Louisiana Legislative Auditor's website.

The recommendations in this letter represent, in our judgment, that which will most likely bring about beneficial improvements to the operations of LWC. The nature of the recommendations, their implementation costs, and their potential impact on the operations of LWC should be considered in reaching decisions on courses of action. The findings related to LWC'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

RW:AHC:BH:EFS:ch

LWC2022



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

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**John Bel Edwards**, Governor  
**Ava Cates**, Secretary

## Office of the Secretary

March 31, 2023

Michael J. "Mike" Waguespack, CPA  
Louisiana Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Waguespack:

The Louisiana Workforce Commission (LWC) respectfully submits its response to the finding *Inadequate Controls and Noncompliance with Unemployment Insurance Benefits Requirements*, included in the Single Audit Report.

The LWC vehemently disagrees with the LLA's interpretation of federal "wage documentation" and identity verification requirements. Assuming arguendo the LLA actually meant "proof of employment" rather than "wage documentation", any determination or finding of a failure to provide proof of employment is premature absent a request to provide such proof and absent USDOL disposition of the State's blanket waiver request. As stated in the report, LWC issued more than \$681 million in benefit payments to more than 260,000 claimants during Fiscal Year 2022. The questioned costs of \$30,704, however, account for less than 0.005 percent of total benefits paid.

It should be noted that all of the purported "errors" identified in the report occurred under the hastily assembled Pandemic Unemployment Assistance (PUA) program. The implementing legislation (CARES ACT) and initial USDOL guidance for implementation of the PUA program expressly prohibited states from verifying employment and wages, establishing PUA as a self-attestation program. States were inundated with claims that, when taken at face value, appeared to qualify for benefits. It was only *after* widespread fraudulent activity and rampant abuse of the self-attestation legal requirement that Congress later implemented identification, employment, and wage verification requirements to be completed either during the application process or retroactively. The program requirements were ever-evolving and amended to address situations and deficiencies that *all* states encountered. Many states are still working to implement this retroactive guidance provided by USDOL.

Although our State ended pandemic programs in July 2021, we continue to work through a substantial backlog of pandemic cases, a backlog that is a direct result of the PUA program's initial lax requirements. What is more, in August of 2021, less than one month after the pandemic programs ended, the state faced its sixth declared disaster in a two-year period, and the LWC was immediately tasked with administering Disaster Unemployment Assistance for yet another major disaster. The LWC responded to the Pandemic and the multiple disasters that impacted the state as effectively as possible. Our Agency will continue to work diligently to resolve the issues noted in the report and to investigate claims to determine proper eligibility.

Should you have any questions or need additional information, please feel free to contact my office at 225-342-3001.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ava Cates', with a stylized, cursive script.

Ava Cates  
Secretary

## **Inadequate Internal Controls and Noncompliance with Unemployment Insurance Benefit Requirements**

The Louisiana Workforce Commission (LWC) concurs in part. As stated in our response to the same finding last year, it was nearly impossible to implement adequate internal controls and ensure full compliance with the pandemic programs given little time, insufficient guidance, and inadequate resources to implement not only the initial requirements, but later burdensome retroactive requirements all while managing a record-breaking surge in claims volume.

### **Wage Documentation Requirements**

In all cases cited in this report, the “wage documentation” the auditor was expecting to see is what is referred to as “proof of employment.” This finding refers to a retroactive requirement that was put in place with the Continued Assistance Act (CAA) and requires the Agency to provide notice to individuals, who filed for PUA *before* enactment of this requirement, to provide proof of employment within 90 days –all after previously notifying them that proof of employment was not a requirement of the program. Failure on the part of the individual to provide proof of employment would result in a retroactive disqualification back to December 27, 2020, thus causing a substantial overpayment. The 90-day timeframe does not commence until an official request is transmitted to the individual.

The documentation was not on file for the cases in question because the LWC has not yet requested this information from individuals subject to the 90-day proof of employment requirement. Not only was there a “unique confluence of circumstances” that prevented the LWC from sending out these notices in a timely fashion, but we strongly believe that any overpayments resulting from a claimant’s non-compliance with this requirement is through no fault of their own. To that end, last year, the LWC requested a blanket waiver of overpayments resulting from implementation of this requirement. USDOL ETA’s response to this request will dictate how we proceed with implementation of this requirement. The blanket waiver allowance would only slightly minimize the burden and confusion that implementation of this retroactive requirement causes.

### **Missing Identification**

The LWC agreed to disagree with the LLA’s interpretation of the identity verification requirements set forth in the CAA. Unemployment Insurance Program Letter 16-20, change 4 provided the following guidance:

***Requirement to Verify Identity.** Section 242 of the Continued Assistance Act requires that states must include procedures for identity verification or validation for timely payment, to the extent reasonable and practicable, by January 26, 2021 (30 days after the enactment of the Continued Assistance Act) to ensure that they have an adequate system for administering the PUA program. Refer to section C.3. of Attachment I to this UIPL for additional details. **[Emphasis supplied.]***

#### **Section C.3:**

*Verification of Identity (Section 242(a) of the Continued Assistance Act) (new). Section 242(a) of Continued Assistance Act modifies Section 2102(f)(1) of the CARES Act. For states to have an adequate system for administering the PUA program, states must include procedures for “identity verification or validation and for timely payment, to the extent reasonable and practicable” by January 26, 2021, which is 30 days after December 27, 2020 (enactment of the Continued Assistance Act). States that previously verified an individual’s identity on a UC, EB, or PEUC*

claim within the last 12 months are not required to re-verify identity on the PUA claim, though the Department encourages the state to take additional measures if the identity is questioned. Individuals filing new PUA initial claims that have not been through the state's identity verification process must have their identities verified to be eligible. The Department strongly encourages states to use the Identity Verification (IDV) solution offered by the UI Integrity Center as part of its Integrity Data Hub (IDH) as one method to meet this requirement. This IDV solution offers states advanced fraud risk scoring to I-13 maximize front-end ID verification, aiding states in assessing whether an individual is using a false, stolen, or synthetic ID. It is available to states at no cost and is a secure, robust, centralized, multi-state data system that allows participating state UI agencies to submit claims for cross matching and analysis to support the prevention and detection of improper payments, fraud, and ID theft. There is also a range of other tools on the market that states may consider to satisfy this requirement for identity verification. States are also strongly encouraged to explore implementation of complementary and rigorous forms of identity verification solutions. The Department will provide states with additional administrative funding to support state costs to implement PUA identity verification processes and solutions and to continue work to address fraud in both the PUA and PEUC programs.**[Emphasis supplied.]**

In the above guidance, we see two requirements (i.e., “states must”) for our system to be considered “adequate” for the purpose of administering the PUA program. First, we must have identity verification or validation procedures in place, to the extent reasonable and practicable, by January 26, 2021. In order to thwart the surge of fraudulent claim activity, the LWC implemented identity verification procedures in November 2020 and going forward for all new claims filed, including all new PUA claims. Additionally, we implemented identity verification procedures for anyone whose claim was flagged for suspicious indicators that called into question the individual’s identity. These procedural safeguards were in place even before November 2020. Second, we must verify identities for all individuals filing **new PUA initial claims**.

In the four cases cited in this report, all were PUA initial claims filed long before the CAA identity verification requirements were enacted, and none had been flagged for staff’s review based on suspicious indicators that called the claimant’s identity into question. It would not have been “reasonable or practicable” for us to verify identities on every single PUA claim filed since the beginning of the Pandemic. The workload the new identity verification requirement created was already more than existing staff and system resources could timely handle.

#### • Child Support Deductions

The child support payments were not properly withheld in the case cited on the report due to a one-off staff training issue. Staff closed the child support work item with no action taken in error, believing the claim was monetarily ineligible. The staff person overlooked that there was an existing PUA claim on file.

**Contact Person:**

Margaret Mabile

**Corrective Action Plan:**

The LWC will continue to work through the pandemic backlog and address issues as they arise.

**Anticipate Completion Date:**

Ongoing



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**Office of the Secretary**

April 4, 2023

Mr. Michael J. Waguespack, CPA  
Legislative Auditor  
Post Office Box 94397  
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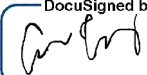
Dear Mr. Waguespack,

The Louisiana Workforce Commission (LWC) respectfully submits its response to the Single Audit Report finding of *Inadequate Controls Over and Noncompliance with Subrecipient Monitoring Requirements*.

First and foremost, it is important to note that the Compliance and Monitoring Unit of LWC has been working very diligently to comply with the requirements of the Workforce Innovation and Opportunity Act (WIOA) of annual monitoring reviews of subrecipients. LWC recognizes the importance of monitoring our subrecipients and in doing so performs their due diligence to ensure that compliance with all legal requirements within WIOA are met. Enormous strides are being made towards improving and sustaining the great work that has already been done. We will continue our efforts to ensure that we remain on track in accomplishing full compliance with subrecipient monitoring at the close of the current fiscal year.

Should you have any questions or need additional information, please feel free to contact my office at (225) 342-3001.

Sincerely,

DocuSigned by:  
  
8FB2C787F324446...  
**Ava Cates**  
Secretary

- Two monitoring reports were not issued timely by LWC. The monitoring reports were issued 74 and 75 days after the completion of the monitoring review. LWC's policy requires monitoring review reports to be issued 60 days after the completion of the monitoring review.
  - LWC concurs with this portion of the finding that 2 out of the 15 monitoring reports were issued more than 60 days after the conclusion of the monitoring review. We find it important to note that the late issuance of the 2 monitoring reports is a direct result of the many challenges LWC faced during the monitoring cycle. As a result of these challenges, LWC undertook a review of its internal policy and has made revisions to the policy with regard to, among other things, the timeliness of the issuance of monitoring reports.
- For four monitoring reports, close out letters were issued 145 to 191 days after monitoring report issuance. For six monitoring reports, close out letters were not issued as of January 2023 while the monitoring reports for these reviews were issued over 200 days prior. The monitoring reports include findings with possible questioned cost totaling \$3.1 million. LWC policy does not specifically address timeliness requirements for closeout letters.
  - LWC concurs in part with this finding concluding that four close out letters were issued 145 to 191 days after monitoring report issuance and that six close out letters were not issued as of January 2023 while the monitoring reports for these reviews were issued over 200 days prior. However, LWC does not concur with the overarching conclusion that its policy does not specifically address timeliness requirements for closeout letters.

A closeout letter is not generated to a subrecipient unless all findings identified in the monitoring report have been resolved. When findings are identified in the monitoring report, subrecipients are given the opportunity to clear those findings by submitting a Corrective Action Plan (CAP). A CAP is the subrecipient's opportunity to address the cause of the findings and provide LWC with a well thought-out plan not only address the cause of the finding but to implement steps to prevent findings of that nature in the future. Until the CAP is submitted, all steps executed, and a determination that the finding has been resolved, a closeout letter will not be issued.

If a subrecipient submits a CAP, LWC periodically reviews the CAP with the subrecipient to determine whether sufficient steps are being taken toward resolution of the finding(s). If at some point, it is determined that resolution is not attainable, an initial determination is then issued.

For the time period covering the Single Audit, LWC's policy provided for the following:

- Within 45 days of issuance of the monitoring report, the subrecipient must submit a corrective action plan for all findings listed in the monitoring report.
- Within 30 days of receiving the corrective action plan from the subrecipient, LWC would notify the subrecipient of acceptance or rejection of the corrective action plan.

The next step in the process, as articulated in LWC's policy is the initial determination.



- Three subrecipients had findings on the monitoring reports stemming from a lack of documentation supporting the subrecipients' drawdowns of WIOA funds and drawdowns of federal funds could not be reconciled by LWC to the subrecipients accounting records. The monitoring reports noted potential questioned cost associated with these drawdowns. These reviews are included in the six monitoring reports not issued as of January 2023, noted in the bullet above. Timely resolution would allow LWC to quickly address any compliance issues at the subrecipients' level. According to LWC, it is working with the subrecipients to reconcile the federal funds drawdowns and close out the reports.
  - LWC received unorganized data from the subrecipients. In response to LWC's request for financial documentation such as general ledgers, balance sheets, expenditure reporting, invoices, etc., subrecipients basically did a data dump. There was no legend or other identifying information associated with the data that was submitted and opening each unidentified file, reviewing it and trying to identify it with thousands of transaction for 15 subrecipients proved tedious, time-consuming and confusing. In an effort to stick as closely as possible to very tight timelines, LWC issued a finding within the monitoring report anticipating that the finding would compel the subrecipients to work with LWC to resolve the differences. As a result of issuing these findings the subrecipients developed corrective action plans to resolve the differences in the drawdown reconciliations. LWC created internal control documents to assist in the organization of material received from the subrecipients. The documents will be utilized when performing the review of the financial portions of the monitoring.

Documents that were created include:

REQUEST FOR DOCUMENTS - The "Request for Documents" is a document that details for the subrecipient how documents are to be submitted and labeled. Attached is a copy of the Request for Documents and a detail of the new layout of how the documents are to be uploaded.

INTERNAL CONTROL QUESTIONNAIRE - The "Internal Control Questionnaire" is a series of queries that helps LWC understand the structure and workflow of the subrecipient. Attached is a copy of the Internal Control Questionnaire.

The new format has significantly reduced the amount of time to complete the financial monitoring of the subrecipient.



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John Bel Edwards, Governor  
Ava Cates, Secretary

**Office of Workforce Development  
Assistant Secretary**

LWC Attachment -  
Request for Documents

## REQUEST FOR DOCUMENTS

Please provide the documents listed below:

Documents should be sent to [compliance@lwc.la.gov](mailto:compliance@lwc.la.gov) or by hard copy to:

Louisiana Workforce Commission  
Office of Workforce Development  
Attention: Compliance and Monitoring  
3<sup>rd</sup> Floor, Annex Building  
1001 North 23<sup>rd</sup> Street  
Baton Rouge, LA 70804

Additional requests for information may be required. As a reminder, please safeguard any personally identifiable information (PII) when preparing and transmitting all documentation. For more guidance, refer to Training and Employment Guidance Letter (TEGL) 39-11.

Please clearly number each document using the number that corresponds with the REQUEST FOR DOCUMENTS, and label each document with the local workforce development area number and document name or description.

**Examples:**

- An administrative document containing the board minutes should be labeled as:
  - A-6-LWDA XX-Board Minutes
- A financial document that is the Internal Control Questionnaire (ICQ) should be labeled as:
  - F-1-LWDA XX-ICQ

**ADMINISTRATIVE**

1. Organizational Chart which outlines all staff paid with WIOA Funds (Adult, Youth and Dislocated Worker) from July 1, 2020 to June 30, 2021. (NOTE: Chart should show Position and Job Title for each staff member.)
2. A chart, or charts, that include the following:
  - a. A list of all employees/salaries charged to each program, including job titles for each individual, during the period July 1, 2020 to June 30, 2021;
  - b. Percentage of time charged to each program for all staff members;
  - c. Subrecipients receiving payments from WIOA funds;
  - d. Contractors receiving payments from WIOA funds;
  - e. Contract workers receiving payments from WIOA funds.

3. Copy of **all** new contracts with an effective date of July 1, 2020 to present.
4. Copy of **all** new agreements, memorandums of understanding, cooperative endeavor agreements, etc., with an effective date of July 1, 2020 to present. Please provide signed agreements for special work arrangements (i.e., travel, remote work from home, etc.) and corresponding board meeting minutes approving the agreements.
5. Workforce Development Board updated, revised or modified policies with an effective date of July 1, 2020 to present.
6. Regional and Local Plan in effect for the period under review.
7. Board minutes for the period July 1, 2020 to June 30, 2021, that document at a minimum:
  - a. Review of quarterly or monthly financial statements
  - b. Review and approval of the annual budget
  - c. Review and sign-off of conflict-of-interest disclosure forms
  - d. Approval of all executive-level salaries (if applicable)
8. A copy of the local area's One-Stop Operator procurement policy in effect during the period, July 1, 2020 to present.

#### PROGRAMMATIC

1. All updated, revised or modified Program policies & procedures with an effective date of July 1, 2020 to present.
2. Youth, adult, and dislocated worker policies and procedures that include eligibility, referrals, incentive payments, needs-related payments, supportive services, follow-up service, co-enrollment, and other services as appropriate.
3. Electronic spreadsheet of all youth, adult, and dislocated worker participants from July 1, 2020 to June 30, 2021. This spreadsheet should include each participant's unique identifier (excluding any and all Personally Identifiable Information), and all services provided.
4. Youth policy and description on how the board tracks the 75 percent out-of-school youth and 20 percent work experience expenditure requirements.
5. List of youth sub-awards and contracts issued. Please show recipient's name, award/contract and a brief description of the product or service delivered.
6. Monitoring reports from July 1, 2020 to June 30, 2021.

#### FINANCIAL

1. The completed Internal Control Questionnaire (ICQ) (see attached). The Director or CEO is responsible for approval of the ICQ information before it is submitted to LWC.
2. Payroll register, payroll records, payroll schedule, and other accounting records from July 1, 2020 to June 30, 2021, for all employees charged in whole or in part to the programs being monitored.
3. Board membership/roster with contact information for each member.
4. Copy of any employee handbooks with an effective date of July 1, 2020 to present.
5. Chart of Accounts listing account names and numbers from your financial management system.
6. The monthly detailed general ledger with both revenue and expenditure accounts from July 1, 2020 to June 30, 2021. The general ledger must be provided in an Excel file.



7. A narrative which explains the structure of the general ledger account numbers (e.g., we have seen account numbers such as XX-XX-XXXX. A narrative might be 1st two digits indicate the cost center, next two digits indicate the fiscal year, next five digits indicate the account number, etc.).
8. The organization's current cost allocation plan, infrastructure agreement and any other documents that explain all allocation methods used for charging cost to your Federal award. Please be sure it include documentation or a narrative to support the cost allocation plan methodology.
9. Most recent single audit report with audit management letter or the financial statement(s) that were used in place of the single audit report and the most recent external fiscal audit.
10. A copy of a corrective action plan prepared and submitted for audit findings in a prior single audit report or other audit or monitoring review conducted by an entity other than LWC since July 1, 2020.
11. The bank statements and reconciliations from July 1, 2020 to June 30, 2021.
12. Policies and procedures, including but not limited to the policies listed below, with an effective date of July 1, 2020 to present.
  - a. Fiscal Policies (e.g., Accounting Manual).
  - b. Personnel Policies (e.g., Human Resources Manual).
  - c. Policy for distributing program cost, staff time, and general administrative costs.
  - d. Cash management policy.
  - e. Allowable/Unallowable Expenditure Policy.
  - f. Travel Policy.
  - g. Procurement of Goods and Services Policy.
  - h. Policy to recapture improper payments made to contractors.
  - i. Competition and Method for Evaluation and Selection Policy.
  - j. Fixed Asset and Inventory Policy.
  - k. Record Retention Policy.
  - l. Information Technology Security Policy.
  - m. Program Income and Cash Handling Policies.
  - n. Subrecipient Monitoring Plan, if applicable.
  - o. Any other policies and procedures relevant to your financial operations.
13. WIOA Expenditure Reports from July 1, 2020 to June 30, 2021.
14. Please provide a listing of all federal funding sources.
15. Provide copies of requested Drawdown Reconciliations and related support from July 1, 2020 to June 30, 2021 (e.g., reconcile the drawdown amount to the support; see the attached example of a proper drawdown reconciliation).
16. Cash disbursements and Cash receipts journals from July 1, 2020 to June 30, 2021.
17. Copies of insurance policies, including but not limited to:
  - a. Fidelity Bond policy declaration page.
  - b. Directors and Officers Insurance policy declaration page.
  - c. General Liability Insurance declaration page.
  - d. Cyber Insurance declaration page.
18. Copies of contracts for professional services received from vendors.
19. Reports, monitoring tools, records, and working papers related to financial compliance monitoring of subrecipients.
20. Lease agreements for facilities, equipment and vehicles charged to the program.

## LWC - Attachment File Layout

Name	Date modified
F-1 Internal Control Questionnaire	1/11/2023 10:36 AM
F-2 Employees charged	1/11/2023 10:40 AM
F-3 Board Membership Roster	1/11/2023 10:40 AM
F-4 Employee Handbook	1/11/2023 10:41 AM
F-5 Chart of Accounts	1/11/2023 10:41 AM
F-6 Detailed Monthly GL	1/11/2023 10:42 AM
F-7 GL Narrative	1/11/2023 10:42 AM
F-8 Cost Allocation-Infrastructure Agreement	1/11/2023 10:42 AM
F-9 Financial Statements	1/11/2023 10:43 AM
F-10 Corrective Action Plan	1/11/2023 10:36 AM
F-11 Bank statements & Reconciliations	1/11/2023 10:36 AM
F-12 Financial Policies	1/11/2023 10:36 AM
F-13 WIOA Expenditure Reports	1/11/2023 10:37 AM
F-14 Federal Funding Lists	1/11/2023 10:37 AM
F-15 Drawdown Reconciliations	1/11/2023 10:38 AM
F-16 Cash Disbursements	1/11/2023 10:38 AM
F-17 Insurance Policies	1/11/2023 10:39 AM
F-18 Professional Service Contracts	1/11/2023 10:39 AM
F-19 Financial Compliance Records	1/11/2023 10:39 AM
F-20 Lease Agreements	1/11/2023 10:40 AM
Objective 3a Internal Controls	1/11/2023 10:43 AM
Objective 3b Accounting System and Financial Reporting	1/11/2023 10:43 AM
Objective 3c Payments and Cash Management	1/11/2023 10:43 AM
Objective 3d	12/29/2021 9:52 AM
Objective 3e	12/29/2021 9:52 AM
Objective 3f Allowable Cost and Cost Classification	1/11/2023 10:43 AM
Objective 3g Cost Allocation-Indirect Costs	1/11/2023 10:43 AM
Objective 3h Audits and Audit Resolution	1/11/2023 10:43 AM
Outstanding Docs	1/2/2022 1:16 PM
Workpapers	12/15/2021 9:36 AM



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John Bel Edwards, Governor  
Ava Cates, Secretary

**Office of Workforce Development  
Assistant Secretary**

LWC Attachment -  
Internal Control  
Questionnaire

**INTERNAL CONTROL QUESTIONNAIRE (ICQ)**

Subrecipient:  
Fiscal year:

**A. Control Environment**

1. Is there a communication process between the organization and the board?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Does the organization conduct ethics training?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Is ethics and integrity covered in the employee handbook?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Are policies and procedures communicated to all levels of staff, program partners and subcontractors?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Are conflict of interest and financial disclosure forms completed by appropriate personnel and updated on a frequent basis?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Does the board provide oversight to financial activities?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Is the organization current with payments of accounts payable, payroll taxes, loans, etc.? If no, please explain below.	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Is there a policy in place to ensure accounts are reported on an accrual basis?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Are there written job descriptions with set salary levels for each employee?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10. Are key employees required to take annual leave?	<input type="checkbox"/> Yes <input type="checkbox"/> No
11. Is your accounting system secured and/or protected by:	
i. location,	<input type="checkbox"/> Yes <input type="checkbox"/> No
ii. the use of passwords,	<input type="checkbox"/> Yes <input type="checkbox"/> No
iii. access limits,	<input type="checkbox"/> Yes <input type="checkbox"/> No
iv. checks and balances?	<input type="checkbox"/> Yes <input type="checkbox"/> No



12. List name(s) and positions of those who can post to the General Ledger:	
13. Does the organization have policies and procedures in place to minimize cash on hand?	<input type="checkbox"/> Yes <input type="checkbox"/> No
14. Are drawdowns approved by the appropriate manager?	<input type="checkbox"/> Yes <input type="checkbox"/> No
15. Is a reconciliation performed between the cash drawdown and expenditures? If so, by whom?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Does the organization have policies and procedures in place to identify and recapture improper payments?	<input type="checkbox"/> Yes <input type="checkbox"/> No
17. Do policies and procedures reflect the Uniform Guidance at Subpart E – Cost Principles?	<input type="checkbox"/> Yes <input type="checkbox"/> No
18. What is the name of the Accounting Software your agency uses?	
19. How long has this software been used by your agency?	
20. List name(s) and positions of those who have a password to access the financial system:	
21. Do different individuals, within your organization, have access to the accounting system to perform the following functions:	
i. review only;	<input type="checkbox"/> Yes <input type="checkbox"/> No
ii. record transactions;	<input type="checkbox"/> Yes <input type="checkbox"/> No
iii. update/change transactions; and	<input type="checkbox"/> Yes <input type="checkbox"/> No
iv. delete transactions?	<input type="checkbox"/> Yes <input type="checkbox"/> No
22. Is your organization able to obtain credit when needed?	<input type="checkbox"/> Yes <input type="checkbox"/> No

<p>23. Does your organization have written policies and procedures for:</p> <ul style="list-style-type: none"> <li>i. Purchases/Procurement;</li> <li>ii. Personnel;</li> <li>iii. Fiscal/Accounting;</li> <li>iv. Safeguarding of Assets;</li> <li>v. Preventing Fraud and Reporting Suspected Fraud;</li> <li>vi. Handling PHI and other sensitive information;</li> <li>vii. IT and computer use policies?</li> <li>viii. Allowable/Unallowable Expenditure Policy</li> <li>ix. Fixed Assets</li> <li>x. Record Retention</li> <li>xi. Information Technology</li> <li>xii. Subrecipient Monitoring Plan</li> </ul>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>24. Does the subrecipient have an approved Cost Allocation Plan (CAP)?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>25. Is the CAP reviewed on an annual basis and updated as needed?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>26. Does the subrecipient allocate shared costs in accordance with its CAP?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>27. Does the subrecipient have policies and procedures in place to identify and recapture improper payments? If so, explain in detail in separate memo.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>

**B. Risk Assessment**

<p>1. Is your organization subject to the Single Audit requirement in accordance with the Single Audit Act Amendments of 1996 and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") found at 2 CFR §200.501(b)? If No, please provide documentation evidencing the exemption.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>2. Does your organization have a process to prevent unauthorized access to confidential information related to your contracts (e.g., sensitive client information or records – commonly referred to as a Personally Identifiable Information (PII))?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>



3. Has there been a change in key management, or significant turnover in the last 2 years? If yes, please list positions and duties of vacant positions below.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Does your organization assess risk for subcontractor non-compliance with federal laws, statues, regulations or Uniform Guidance, as applicable (depending on grant funding source)? If yes, please provide your subcontractor monitoring policy.	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Are you "doing business" with any individual(s) who is related to a member of your Board of Directors by blood, adoption or marriage? If yes, please explain the business relationship.	<input type="checkbox"/> Yes <input type="checkbox"/> No

### C. Control Activities

1. Please indicate the type of accounting system in place (e.g., accrual, cash, or modified accrual):	
2. Is the accounting system organized to allow an auditor to trace financial report balances through the general ledger and other summary ledgers/journals to each detail accounting transaction and supporting source documentation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Does your organization allocate costs between contracts and/or programs?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Does the accounting system have the capability of identifying the receipt and expenditure of program funds and program income?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Does the accounting system provide for the segregation of direct and indirect expenses and the allocation of indirect costs?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Do all purchases require approval from an authorized individual in the requesting department?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Are purchase orders/requisitions controlled in such a way that they can all be accounted for (e.g., by sequential pre-numbering, by entry in a register)? If yes, please explain the system used.	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Are all expenditures reconciled with your general ledger? If no, please explain.	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. How often are monthly bank accounts reconciled to internal check registers? Who prepares bank statement reconciliations?	

<p>10. Does your organization have a system for tracking:</p> <p style="padding-left: 40px;">i. Voided checks;</p> <p style="padding-left: 40px;">ii. Credit card transactions;</p> <p style="padding-left: 40px;">iii. Other electronic transactions?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>11. What, if any, additional internal controls and approvals are in place within the organization to ensure payments made are valid and authorized?</p>	
<p>12. Are unused checks safeguarded and in the custody of a person who does not manually sign checks, control the use of facsimile signature plates or operate the facsimile signature machine? Please indicate name and title of person who has custody of unused checks:</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>13. Is there any additional review or special approval required for checks exceeding a specified dollar amount? If yes, please explain.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>14. Are the following practices prohibited:</p> <p style="padding-left: 40px;">i. The drafting of checks to "Cash";</p> <p style="padding-left: 40px;">ii. The signing of blank checks;</p> <p style="padding-left: 40px;">iii. The removal of blank checks from the checkbook?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>15. Do supporting documents accompany checks for the check signer's signature?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>16. Are invoices marked to identify allocation of payment?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>17. Does your organization require individual time or activity sheets to be prepared at least monthly for personnel (part-time, full-time, and/or in-kind volunteers)?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>18. Who reviews the validity of payroll expenditures? List of name(s) and title of those who review the payment of payroll taxes:</p>	

#### **D. Communication and Information**

<p>1. Are the policies and procedures listed in Section A, "Control Environment" (above) made available to staff?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>2. Is there a process in place for communicating changes in accounting methods, regulations, and rules to staff?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>3. What financial and management reports are provided to the board? How often are the reports provided to management and the board?</p>	
<p>4. Does your organization have ethics training? If so, how often and what method of delivery?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>



5. What mechanisms are in place to encourage employees to report suspected violations of the code of conduct?

**E. Monitoring**

1. Does management periodically review the internal controls and accounting processes to recommend changes needed for improvement? If yes, how often?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Does your organization have an Internal Auditor or Audit department?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Are you under a Corrective Action Plan (CAP) for any type of audit finding(s)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Does the board of directors ensure that deficiencies and/or non-compliance is addressed by management and that CAPs are implemented in a timely manner?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Does management periodically compare operating results with the budget?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Does your organization employ subcontracted services? If so, does your organization have written policies and procedures for monitoring the services?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No

I hereby certify that I am authorized to provide the preceding responses on behalf of the organization. I further certify that the responses to this internal control questionnaire are true and correct to the best of my knowledge.

\_\_\_\_\_  
Signature & Title

\_\_\_\_\_  
Print Full Name

\_\_\_\_\_  
Date



## APPENDIX B: SCOPE AND METHODOLOGY

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We performed certain procedures at the Louisiana Workforce Commission (LWC) for the period from July 1, 2021, through June 30, 2022, 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, 2022.

- We evaluated LWC'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 LWC.
- Based on the documentation of LWC'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 Unemployment Insurance (AL 17.225), Workforce Innovation and Opportunity Act Cluster (AL 17.258, 17.259, and 17.278), Coronavirus State and Local Fiscal Recovery Funds (AL 21.027), and Presidential Declared Disaster Assistance to Individuals and Households – Other Needs (AL 97.050) for the year ended June 30, 2022, as a part of the 2022 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, 2022, as a part of the 2022 Single Audit.
- We compared the most current and prior-year financial activity using LWC's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LWC's management for significant variances.

The purpose of this report is solely to describe the scope of our work at LWC, and not to provide an opinion on the effectiveness of LWC'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 LWC's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LWC's accounts are an integral part of the State of Louisiana's Annual Comprehensive Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.