



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** June 11, 2024

**Refer To:** 772401

**To:** Gina Clemons  
Deputy Commissioner  
for Analytics, Review, and Oversight

**From:** Michelle L. Anderson *Michelle L. Anderson*  
Assistant Inspector General for Audit

**Subject:** Single Audit of the State of Louisiana for the Fiscal Year Ended June 30, 2023

This memorandum presents the Social Security Administration's (SSA) portion of the single audit of the State of Louisiana for the Fiscal Year ended June 30, 2023.<sup>1</sup> The Louisiana Legislative Auditor conducted the audit. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

## BACKGROUND

A single audit is an organization-wide financial statement and Federal awards audit of a non-Federal entity that expends \$750,000 or more in Federal funds in 1 year. It assures the Government that a non-Federal entity is maintaining adequate internal controls and generally complying with program requirements. Non-Federal entities typically include state and local governments, Indian tribes, universities, and nonprofit organizations.

For single audit purposes, the General Services Administration maintains a list of all Federal programs in the Federal Assistance Listing. SSA's Disability Insurance and Supplemental Security Income programs are identified under listing number 96. SSA is responsible for resolving single audit findings reported under this listing number.

The Louisiana Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. SSA reimburses the DDS for 100 percent of allowable costs.

---

<sup>1</sup> Louisiana Legislative Auditor, *Single Audit Report State of Louisiana Financial Audit Services For the Year Ended June 30, 2023*, (April 2024).

The Louisiana Department of Children and Family Services (DCFS) is the Louisiana DDS' parent agency.

## RESULTS

The single audit reported DCFS did not follow payroll policies and procedures for the certification and approval of time statements and leave requests. Specifically, employees' supervisors did not approve 3 of 40 sampled payroll transactions at the DDS.<sup>2</sup> According to its corrective action plan in response to the single audit, DCFS provided instructions and reminders to time administrators on how to review and identify time statements that have not been certified and approved and to follow up with staff.

The single audit also reported DCFS' Fraud and Recovery Unit identified possible improper activity by two former employees who appeared to have violated department policy as well as state law related to payroll. The finding states these employees were working for DCFS and another employer at the same time, which resulted in possible losses of \$16,349 that impacted various Federal programs.<sup>3</sup> DCFS' corrective action plan states its Fraud and Recovery Unit investigated the two employees for suspected payroll fraud and determined one employee was paid \$875 for duplicate hours and was working to recover these funds. Inquiries to determine the actual loss related to the second employee's suspected activities are ongoing.

In addition, the single audit reported DCFS did not have adequate controls in place to ensure expenditures were properly charged and allocated in accordance with the Cost Allocation Plan (CAP). Specifically, one cost pool was erroneously not included in the CAP, and DCFS did not timely submit the amendment to the CAP.<sup>4</sup> DCFS' corrective action plan states the Louisiana Cost Allocation Unit is updating the CAP to include the missing cost pool and will submit amendments promptly when major changes occur. The single audit identified multiple Federal programs, including SSA, responsible for resolving this finding. The Department of Health and Human Services, as cognizant agency, will coordinate resolution actions across the Federal programs.

## RECOMMENDATIONS

We recommend SSA:

1. Remind DDS administrators of the importance of ensuring employee timesheets are reviewed and approved timely.
2. Collect any funds DCFS recovers from former employees that should be returned to SSA.

---

<sup>2</sup> Louisiana Legislative Auditor, *Single Audit Report State of Louisiana Financial Audit Services For the Year Ended June 30, 2023*, (April 2024), Finding 2023-030.

<sup>3</sup> Louisiana Legislative Auditor, *Single Audit Report State of Louisiana Financial Audit Services For the Year Ended June 30, 2023*, (April 2024), Finding 2023-004.

<sup>4</sup> Louisiana Legislative Auditor, *Single Audit Report State of Louisiana Financial Audit Services For the Year Ended June 30, 2023*, (April 2024), Finding 2023.003.

**3 | Gina Clemons**  
June 11, 2024

3. Work with the Department of Health and Human Services to ensure the CAP is updated to accurately reflect the cost pools associated with the allocation methodologies.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires that Federal awarding agencies issue a management decision on findings within 6 months of acceptance of the audit report by the Federal Audit Clearinghouse. The Federal Audit Clearinghouse accepted the single audit of the State of Louisiana on April 1, 2024.

Please send copies of the final Audit Clearance Document and any questions related to this audit to [OIG.Audit.Division.7@ssa.gov](mailto:OIG.Audit.Division.7@ssa.gov).

Attachment

## 2023-030 - Weakness in Controls over Payroll

**Award Years:** 2022, 2023

**Award Numbers:** 2204LADI00, 2304LADI00

**Compliance Requirements:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles

**Repeat Finding:** No

Assistance Listing Number	Program/Cluster Name	Questioned Costs
	Disability Insurance/SSI Cluster:	
96.001	Social Security Disability Insurance	None Noted

### Condition:

DCFS did not follow established payroll policies and procedures for the certification and approval of time statements, as well as for the approval of leave requests. This is the second consecutive year a weakness in controls over payroll has been reported.

In our review of 45 time statements department-wide for the period July 1, 2022, through June 30, 2023, we identified the following:

- Ten (22%) time statements were approved by supervisors between 1 and 252 days after the date required by policy.
- Three (7%) time statements were certified by employees between 20 and 70 days after the date required by policy.
- Two (4%) time statements were not certified by employees nor approved by the supervisors prior to payroll processing.

In addition, our review of payroll system reports identified 8,133 (5%) of 156,777 leave requests that were auto-approved by the system. This occurs when leave has been requested, but the employee's supervisor did not take timely action to approve/reject the system leave request before the end of the pay period in which the leave was taken. All open leave requests in the system will be auto-approved on the last day of the applicable pay period in order for the employee to receive payment.

We also performed procedures specifically on the Disability Insurance/SSI Cluster, a major federal program for fiscal year 2023. In a statistical sample of 40 payroll transactions from a population of 46,568 Disability Insurance/SSI Cluster payroll transactions totaling \$19,646,061, three (8%) of the time statements tested were not approved by the employees' supervisors.



Criteria:

DCFS payroll policy requires employees to certify their time statements by the Tuesday following the close of the pay period in the Cross-Application Time Statements (CATS) system, and supervisors are required to approve time statements in the CATS system by the Wednesday following the close of the pay period. Supervisors are also responsible for approving or rejecting all leave requests before the end of the applicable pay period. Also, 2 CFR 200.430(i)(1)(i) requires that charges to federal awards for salaries and wages must be supported by a system of internal control, which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Cause:

DCFS employees did not adhere to the established policies and procedures over payroll to certify and approve time statements in a timely manner or properly approve leave requests.

Effect:

As a result, there is an increased risk that errors and/or fraud could occur and not be detected in a timely manner and that unallowable costs could be reimbursed by the federal grantor.

Recommendation:

Management should ensure employees comply with existing policies and procedures, including certifying and approving time statements and leave requests in a timely manner.

Management's Response and Corrective Action Plan:

Management concurred with the finding and provided a corrective action plan (B-6).



Executive Division  
627 North 4th Street  
Baton Rouge, LA 70802

(O) 225.342.0286  
(F) 225.342.8636  
[www.dcfsl.a.gov](http://www.dcfsl.a.gov)

John Bel Edwards, Governor  
Terri Porche Ricks, Secretary

October 16, 2023

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 "Weakness in Controls over Payroll." The finding noted DCFS employees and supervisors did not timely certify and approve time and attendance records and supervisors did not approve or reject leave requests before the end of the applicable pay period. Although DCFS has procedures in place for both the employee and appointing authority or designee to approve, reject, and certify payroll and attendance records by utilizing the electronic time sheets in the Cross-Application Time Sheets (CATS) system, we concur with the finding that some were not completed timely. DCFS continuously strives to improve processes and controls and has taken corrective action.

As part of our continuous improvement plan, we provided time administrators with instructions and reminders on how to review the eCertification Report (ZP241) in LaGov HCM each pay period to identify time statements that have not been certified and approved and to provide appropriate follow up with staff. DCFS Human Resources will continue to send periodic notices to all DCFS employees regarding the eCertification process including a reminder of the importance of all employees being vigilant and compliant in completing the process to ensure time reporting is accurate and complete.

The contact person for Payroll is Marion Creft-Jackson, Human Resources Supervisor, and she can be reached at (225) 342-3146 or [Marion.Creft-Jackson.DCFS@la.gov](mailto:Marion.Creft-Jackson.DCFS@la.gov).

Sincerely,

 10/17/2023 | 4:01 PM CDT

Terri Porche Ricks  
Secretary

cc: Toby Comeaux, Statewide Program Manager 2  
Eric Horent, Undersecretary  
Tammy Starnes, Interim Deputy Undersecretary

## 2023-004 – Improper Employee Activity in Federal Programs

**Award Years:** 2020 - 2023

**Award Numbers:** Various

**Compliance Requirement:** Allowable Costs/Cost Principles

**Repeat Finding:** No

Assistance Listing Number	Program/Cluster Name	Questioned Costs
10.542	COVID-19 - Pandemic EBT Food Benefits	See note below following asterisk
10.649	COVID-19 - Pandemic EBT Administrative Costs	
93.090	Guardianship Assistance	
93.556	Marylee Allen Promoting Safe and Stable Families Program (including COVID-19)	
93.558	Temporary Assistance for Needy Families	
93.563	Child Support Enforcement	
93.597	Grants to States for Access and Visitation Programs	
93.599	Chafee Education and Training Vouchers Program (ETV)	
93.603	Adoption and Legal Guardianship Incentive Payments	
93.645	Stephanie Tubbs Jones Child Welfare Services Program	
93.658	Foster Care Title IV-E	
93.659	Adoption Assistance	
93.667	Social Services Block Grant	
93.669	Child Abuse and Neglect State Grants	
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services (including COVID-19)	
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	
	<b>SNAP Cluster:</b>	
10.551	Supplemental Nutrition Assistance Program	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	
	<b>Disability Insurance/SSI Cluster:</b>	
96.001	Social Security Disability Insurance	
Total		\$16,349*

\*Unable to determine questioned costs by federal program, as salaries are allocated per the consolidated cost allocation plan. All federal programs that are a part of the consolidated cost allocation plan are listed.

### Condition:

DCFS's Fraud and Recovery Unit identified possible improper activity by two employees who appear to have violated department policy as well as state law related to payroll.

Two employees suspected of department policy violations are as follows:

- One former employee received wages from DCFS and another employer for some of the same hours worked during the period June 2020 through April

2023, resulting in a loss of \$875 impacting various federal programs. The employee was terminated in September 2023.

- One former employee is suspected to have received wages from DCFS and another employer for some of the same hours worked during the period January 2023 through June 2023, resulting in a possible loss of \$15,474 impacting various federal programs. The employee resigned in September 2023 before DCFS informed the employee of the suspected violations.

Criteria:

DCFS Policy 4-2 states that Civil Service Rule 15.2 requires certification of payroll and attendance records by both an employee and his/her appointing authority or designee of hours actually worked and leave taken during a payroll period.

Cause:

The employees did not adhere to department policy.

Effect:

Amounts not recouped by DCFS as of June 30, 2023, totaled \$16,349 and represent questioned costs.

Recommendation:

Management should continue to investigate improper employee activities and emphasize the criminal consequences of such activities.

Management's Response and Corrective Action Plan:

Management concurred with the finding and provided a corrective action plan (B-4).





Executive Division  
627 North 4th Street  
Baton Rouge, LA 70802

(O) 225.342.9538  
(F) 225.342.8636  
[www.dcfsl.a.gov](http://www.dcfsl.a.gov)

**Jeff Landry**, Governor  
**David N. Matlock**, Secretary

February 26, 2024

Michael J. "Mike" Waguespack, CPA  
Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804

Dear Mr. Waguespack:

The Department of Children and Family Services (DCFS) has reviewed the finding "Improper Employee Activity in Federal Program". The Department concurs with the finding and continues to prioritize prevention and detection of improper activity associated with programs it administers.

The Fraud and Recovery Unit (FRU) investigated two employees for suspected payroll fraud. The FRU determined that one employee received wages from DCFS and a secondary employer for the same hours worked. DCFS is pursuing recoupment of wages paid for the duplicative hours and will seek recoupment of funds in the amount \$875.00 from this employee. DCFS is conducting additional inquiries related to the other employee's suspected activities to determine the actual loss to the agency and will proceed accordingly. Both employees are no longer employed with the Department.

DCFS will continue to investigate improper employee activities and emphasize the consequences of illegal acts. If you have any questions, please contact Rhonda Brown, Fraud and Recovery Unit Director, at [Rhonda.Brown.DCFS@LA.GOV](mailto:Rhonda.Brown.DCFS@LA.GOV).

Sincerely,

A handwritten signature in black ink, appearing to read "David N. Matlock".

02/26/2024 | 4:58 PM CST

David N. Matlock  
Secretary

cc: Toby Comeaux, Chief of Staff  
Rebecca Harris, Undersecretary

**CHILDREN AND FAMILY SERVICES, DEPARTMENT OF****2023-003 - Control Weakness Related to Cost Allocation Process****Award Years:** 2018 - 2023**Award Numbers:** 1804LADI00, 1904LADI00, 2004LADI00, 2104LADI00, 2201LACSES, 2201LAFOST, 2201LASOSR, 2204LADI00, 2301LACSES, 2301LAFOST, 2301LASOSR, 2304LADI00, SNAP - Letter of Credit**Compliance Requirement:** Allowable Costs/Cost Principles**Repeat Finding:** No

Assistance Listing Number	Program/Cluster Name	Questioned Costs
93.563	Child Support Enforcement	None Noted
93.658	Foster Care Title IV-E	None Noted
93.667	Social Services Block Grant (Award No. 2201LASOSR)	\$10,749
	SNAP Cluster:	
10.551	Supplemental Nutrition Assistance Program	None Noted
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	
	Disability Insurance/SSI Cluster:	
96.001	Social Security Disability Insurance	None Noted
Total		\$10,749

Condition:

The Department of Children and Family Services (DCFS) did not have adequate controls in place to ensure that expenditures were properly charged and allocated in accordance with the Cost Allocation Plan (CAP), which assigns costs to federal programs.

In a statistical sample of 60 transactions out of a population of 241,344 expenditure transactions totaling \$387,232,398 allocated to federal programs, two (3%) transactions had the following errors:

- For one transaction, the supporting documentation was for a prior fiscal year, which resulted in incorrect percentages being charged to various cost pools affecting non-major federal programs. This error resulted in overbilling the Social Services Block Grant (SSBG) by \$10,749 and underbilling Foster Care Title IV-E by \$35,357. The amount overbilled to SSBG represents questioned costs.
- For one transaction, the cost pool was not included in the CAP in error, and the amendment to the CAP was not submitted timely.

Criteria:

2 CFR 200.303(a) requires that non-federal entities receiving federal awards establish and maintain effective internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Per 2 CFR 200.400(d), the accounting practices of the non-federal entity must be consistent with cost principles and support the accumulation of costs as required and must provide for adequate documentation to support costs charged to the federal award.

Per 45 CFR 95.509(a)(1) and (4), the state shall promptly amend the cost allocation plan and submit the amended plan to the Director, Division of Cost Allocation, if the following events occur: (1) The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes in federal law or regulations, or significant changes in program levels, affecting the validity of the approved cost allocation procedures. (4) Other changes occur which make the allocation basis or procedures in the approved cost allocation plan invalid.

Cause:

These errors occurred because there was not an effective review process in place and because the department did not ensure the timely correction of errors to the CAP.

Effect:

Failure to adequately review cost allocation supporting documentation and to ensure that changes are made to the cost allocation plan timely increases the risk that unallowable costs could be charged to federal programs.

Recommendation:

Management should strengthen internal controls over the review process and update the cost allocation plan for cost pool noted.

Management's Response and Corrective Action Plan:

Management concurred with the finding and provided a corrective action plan (B-3).





Executive Division  
627 North 4th Street  
Baton Rouge, LA 70802

(O) 225.342.9538  
(F) 225.342.8636  
[www.dcfsls.gov](http://www.dcfsls.gov)

Jeff Landry, Governor  
David N. Matlock, Secretary

February 26, 2024

Michael J. "Mike" Waguespack, CPA  
Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804

Dear Mr. Waguespack:

The Department of Children and Family Services has reviewed the finding "Noncompliance and Control Weakness Related to Cost Allocation". The Department concurs with the finding and recommendation.

When processing the July 2022 cost allocation statistics, we inadvertently selected the wrong report date for one statistic, which resulted in incorrect percentages being charged to various cost pools. The Cost Allocation Unit has implemented a review process to ensure that supporting data is accurate prior to processing monthly statistics. The Program Consultant will run all reports used by the Cost Allocation Unit each month and submit the reports to the Program Manager for approval. The Program Manager will verify the accuracy of the report dates and supporting documentation, sign the reports, and return them to the Program Consultant for processing monthly stats.

The Cost Allocation Unit is updating the Cost Allocation Plan to include the missing cost pool and will submit future amendments promptly when major changes occur. Plan updates will continue to be submitted semi-annually.

If you have any questions, please contact Tonja Hayes, Cost Allocation Unit Program Manager. Ms. Hayes can be reached at (225) 342-4859 or [Tonja.Hayes.DCFS@LA.GOV](mailto:Tonja.Hayes.DCFS@LA.GOV)

Sincerely,

02/26/2024 | 4:46 PM CST

David N. Matlock  
Secretary

cc: Toby Comeaux, Chief of Staff  
Rebecca Harris, Undersecretary



**Mission:**

The Social Security Office of the Inspector General (OIG) serves the public through independent oversight of SSA's programs and operations.

**Report:**

Social Security-related scams and Social Security fraud, waste, abuse, and mismanagement, at [oig.ssa.gov/report](https://oig.ssa.gov/report).

**Connect:**

[OIG.SSA.GOV](https://oig.ssa.gov)

Visit our website to read about our audits, investigations, fraud alerts, news releases, whistleblower protection information, and more.

Follow us on social media via these external links:



Twitter: @TheSSAOIG



Facebook: OIGSSA



YouTube: TheSSAOIG



Subscribe to email updates on our website.