DEPARTMENT OF SOCIAL SERVICES
STATE OF LOUISIANA

MANAGEMENT LETTER
ISSUED MAY 13, 2009

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

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

April 21, 2009

DEPARTMENT OF SOCIAL SERVICES
STATE OF LOUISIANA
Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 2008, we considered the Department of Social Services' internal control over financial reporting and over compliance with requirements that could have a direct and material effect on a major federal program; we examined evidence supporting certain accounts and balances material to the State of Louisiana's financial statements; and we tested the department's compliance with laws and regulations that could have a direct and material effect on the State of Louisiana's financial statements and major federal programs as required by *Government Auditing Standards* and U.S. Office of Management and Budget (OMB) Circular A-133.

The Annual Fiscal Reports of the Department of Social Services were not audited or reviewed by us, and, accordingly, we do not express an opinion on those reports. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior management letter on the Department of Social Services for the year ended June 30, 2007, we reported findings relating to improper employee activity in federal programs, intentional program violations and ineligible benefits in the Disaster Food Stamp Program, noncompliance with program requirements of the Child Care Cluster, noncompliance with program requirements of the Foster Care - Title IV-E Program, internal control weaknesses over program requirements in the Temporary Assistance for Needy Families Program, control weaknesses over information technology, inaccurate annual fiscal reports, ineffective internal audit function, control weaknesses over the LaCarte Purchasing Card Program, unlocated movable property, weaknesses over Vocational Rehabilitation program requirements, child support escrow fund not reconciled, access to electronic data processing not properly restricted, and control weaknesses over refunds. The findings relating to control weaknesses over the LaCarte Purchasing Card Program, unlocated movable property, weaknesses over Vocational Rehabilitation program requirements, the child support escrow fund not reconciled, and control weaknesses over refunds have been resolved by management. The remaining findings have not been resolved and are addressed again in this report.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* have also been included in the State of Louisiana's Single Audit Report for the year ended June 30, 2008.

Fraudulent Billings by Providers

Based upon work performed by the Department of Social Services (DSS), Fraud and Recovery Section (FRS), DSS identified instances of fraudulent billings by providers in several federal programs. The affected federal programs are the Child Care and Development Fund Cluster (CFDA 93.575 and 93.596) and the Temporary Assistance for Needy Families program (TANF, CFDA 93.558). Child Care Assistance Program (CCAP) payments are made to daycare centers based in part on attendance provided by the daycare center in monthly invoices. State and federal regulations prohibit the misappropriation of these program funds.

The instances of fraudulent billings identified by FRS are as follows:

- On September 15, 2008, the director of a Baton Rouge child care facility pled guilty to mail fraud. From May 2003 until January 2008, the child care director filed false and fraudulent invoices seeking funds from CCAP. The director inflated the number of days that children eligible for CCAP reimbursement attended the facility by identifying these children as attending on days they were absent. In some instances, entire classes were falsely identified as having perfect attendance. In other instances, former students were identified as current attendees. Questioned costs are $758,075. Sentencing for this individual has not taken place.

- On August 18, 2008, the owner of a Tangipahoa Parish facility that provided parenting training pled guilty to conspiracy to defraud the United States. The owner of the facility had a Quality Childcare Initiative (QCI) contract with DSS. The DSS budget on the contract was funded by TANF and included funds for the purchase of computers and office equipment. From approximately October 2003 through September 2005, the owner submitted invoices to DSS alleging the lease of office equipment and computers which were, in fact, never leased. Total questioned costs are $150,073. On November 20, 2008, the owner was sentenced to serve 12 months and one day in prison, three years of supervised release, and restitution of $55,636. DSS had recouped $55,636 and FRS is currently discussing with the Bureau of General Counsel whether to seek civil restitution for the remaining $94,437.

- On August 18, 2008, the owner of a Tangipahoa Parish social services facility that offered tutoring, study skills, and recreation to children pled guilty to conspiracy to defraud the United States. The facility was funded with a TANF QCI contract. Between September 2002 and September 2005, the owner submitted fraudulent vouchers to DSS for services not rendered and expenses not incurred. Questioned costs are $51,450. On

January 22, 2009, the owner was sentenced to 15 months' imprisonment, three years of supervised release, and restitution of $51,450.

- On January 22, 2009, an independent contractor, who supplied counseling services to a Tangipahoa Parish social services facility, pled guilty to conspiracy to defraud the United States. The facility was funded with a TANF QCI contract. Between 2002 and 2005, he submitted fraudulent vouchers to DSS for counseling services that were never rendered. Questioned costs are $13,000. Sentencing is scheduled to take place in March 2009.

Certain DSS providers failed to comply with their agreements with DSS by submitting fraudulent vouchers. In addition, existing controls were not sufficient to prevent the fraudulent activity from occurring or to identify the fraudulent activity in a timely manner. Failure to establish and follow adequate internal control procedures increases the risk that federal program benefits are made to ineligible applicants and that errors and/or fraud could occur. For these instances, a total of $55,636 in restitution has been paid as of January 20, 2009.

Management should continue to investigate the possibility of fraudulent activity among DSS providers and strengthen existing controls within the affected federal programs to reduce the likelihood that fraudulent activities occur in the future. In addition, management should work with the grantors to resolve the questioned costs. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 1-2).

Improper Employee Activity in Federal Programs

Based upon work performed by DSS, FRS, the department identified fraudulent activity by an employee in several federal programs. The affected federal programs are the Food Stamp Cluster (CFDA 10.551 and 10.561) and TANF (CFDA 93.558) programs. DSS, Office of Family Support (OFS) Policy G-310 states falsification of records consists of any deliberate act of annotating an activity which in fact differs factually from the activity that actually transpired. Falsification of records is strictly prohibited. In addition, DSS, OFS Policy I-510 states that OFS employees are prohibited from taking any action on their personal case, a case involving an immediate family member, friend, or social acquaintance of himself/herself or his/her supervisor. Managers are responsible for ensuring that all employees are advised of these policies and are made aware that violation of these policies will result in disciplinary action (suspension, reduction in pay, reassignment, demotion, or dismissal).

On August 11, 2008, a Social Services analyst pled guilty to one count of "Mail Fraud" and one count of "Theft." From on or about June 2005 until August 1, 2006, the employee illegally obtained Food Stamp benefits by changing the addresses of Food Stamp clients to that of her own address and processing the issuance of new Electronic Benefit Transfer (EBT) cards to be mailed to her address. In addition, for several of these cases the employee either recertified the cases for an additional 12 months of Food Stamp benefits or added additional dependants to the Food Stamp cases resulting in additional benefits. In one instance, the employee opened and certified a Family Independence Temporary Assistance Program case that uses the same EBT card as the Food Stamp Program. The employee was terminated on August 1, 2006. On December 18, 2008, the court ordered her to repay $18,607 and sentenced her to four months imprisonment and four months of home confinement. Questioned costs are $18,607.

The DSS employee failed to adhere to departmental policies and state law during the performance of her job duties. In addition, existing controls were not sufficient to prevent the fraudulent activity from occurring or to identify the fraudulent activity in a timely manner. Failure to establish and follow adequate internal control procedures increases the risk that federal program benefits are made to ineligible applicants and that errors and/or fraud could occur.

Management should continue to investigate the possibility of fraudulent activity among DSS employees and strengthen existing controls within the affected federal programs to reduce the likelihood that fraudulent activities occur in the future. In addition, management should work with the grantors to resolve the questioned costs. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 3-4).

Disaster Food Stamp Program: Intentional Program Violations and Ineligible Benefits

DSS identified instances of ineligible benefits in the Disaster Food Stamp Program (DFSP) including 14 employee cases and four nonemployee cases in which intentional program violations (IPV) were committed. The DFSP is a part of the Food Stamp Cluster, which is comprised of Food Stamps (CFDA 10.551) and the State Administrative Matching Grants for Food Stamp Program (CFDA 10.561). Federal regulation 7 CFR 273.16 defines IPV as making false or misleading statements, or misrepresenting, concealing or withholding facts; or committing any act that constitutes a violation of the Food Stamp Act, the Food Stamp Program Regulations, or any state statute for the purpose of using, presenting, transferring, acquiring, receiving, possessing or trafficking of coupons, authorization cards or reusable documents used as part of an automated benefit delivery system (access device). In addition, the U.S. Department of Agriculture, Food and Nutrition Services (FNS) *Disaster Food Stamp Handbook 320* states that agencies must develop strategies to prevent fraud and ensure program integrity from the start of the disaster response.

As a result of concerns relating to ineligible employees, the FNS required DSS to review 100% of the employee DFSP cases. As of December 3, 2008, the following were disclosed:

- In addition to the 10 IPV cases identified in the prior audit, 14 cases were identified in the current year as IPV. Nine of the 14 cases involved DSS employees, while five cases involved spouses or parents of DSS employees. These 14 individuals understated income, overstated hurricane-related expenses, and/or misrepresented their household composition to improperly obtain DFSP benefits. In these 14 cases, DFSP benefits totaling $11,851 were distributed. Four of the nine employees are still employed by DSS with no disciplinary action occurring besides restitution of funds. The department is in the process of recouping these funds.

- DSS has rendered decisions in 1,228 of 1,428 employee cases (86%) and determined that 901 of the 1,228 employees (73%) were not eligible to receive DFSP benefits.

As of January 5, 2009, DSS records indicate that DFSP benefits totaling $597,543 were provided to ineligible DSS employees and their relatives. DFSP benefits totaling $298,167 have been repaid to the department. Of the total $597,543, DSS identified questioned costs of $348,832, as of December 3, 2007, which was reported in our prior year auditor's report. The remaining $248,711, including the $11,851 for the IPV cases noted previously, represents questioned costs identified by DSS since December 3, 2007.

Since the completion of the prior year audit, the DSS, FRS has also completed the investigation of 76 nonemployee cases. Of those 76 cases, 59 cases (78%) were determined ineligible to receive DFSP benefits with four cases identified as IPV. DSS records indicate that DFSP benefits totaling $39,108 were provided to ineligible applicants with DSS recouping $4,425. The remaining $34,683 is questioned costs for the current year.

DSS did not establish adequate control procedures to prevent DFSP applicants, including DSS employees and their relatives, from obtaining ineligible benefits. Failure to establish adequate internal control procedures over the distribution of DFSP benefits resulted in benefits made to ineligible applicants and in questioned program costs.

Management should continue to investigate the possibility of additional ineligible DFSP benefits paid, including those obtained through intentional program violations and should work with the grantor to resolve any questioned costs. Management should consider the circumstances leading up to this noncompliance and develop models with controls for future disasters. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 5-6).

Child Care Cluster: Noncompliance With Program Requirements

For the fourth consecutive year, DSS did not comply with certain federal and state requirements for administering the federal child care cluster. The child care cluster is comprised of the Child Care and Development Block Grant (CFDA 93.575) and the Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596) programs. OMB A-133, Subpart C, Section 300(b) requires states to establish internal control over federally funded programs to provide reasonable assurance that the state is managing federal awards in compliance with grant provisions. Proper administration would include controls for ensuring expenditures are supported by adequate documentation and eligibility criteria are met.

Audit procedures performed on the child care cluster disclosed the following:

- For 43 of 45 (95.6%) invoices tested, the agency did not maintain sufficient documentation to support the invoice payments. For all 40 child care provider invoices tested, DSS, by policy, did not obtain attendance logs to verify the number of days present and absent on the child care invoices. In addition, in three of five (60%) contract payments reviewed, DSS did not obtain sign-in sheets to support the number of attendees at training programs or did not obtain visit logs to support the number of technical assistance visits made to child care facilities. Questioned costs totaled $52,320.

- For five of 30 children (16.7%) tested, case files did not have documentation verifying the child was age-appropriately immunized in accordance with 45 CFR 98.41(a)(1)(i), Section 6.7 of the State Plan and department policy 08.B-710. Documentation obtained subsequently indicated that two of the five children were not age-appropriately immunized. Questioned costs for the two children totaled $320, which is included in the questioned cost amount noted above.

During 2008, the DSS Contract Accountability Review Team (CART) conducted 64 on-site reviews on “Class A” child care providers. For each on-site review, CART selected a sample of approximately five children and compared the attendance logs to the invoiced days for the sampled children. In 10 of the 20 CART on-site reviews that we reviewed, CART identified overpayments to providers because invoiced days did not agree with the attendance logs. However, DSS did not take sufficient action to recover overpayments for seven of the 10 cases. Questioned costs totaled $2,278.

DSS procedures for validating provider reimbursement requests are deficient as the children’s attendance is not verified to supporting documentation (attendance logs) before a payment is made. The program included over 3,850 providers that received reimbursements totaling in excess of $110,982,000 during the fiscal year ended June 30, 2008. Considering the agency did not obtain attendance logs to verify invoiced attendance, the risk exists that significant amounts may not be adequately supported, which increases the risk of error, fraud, and/or abuse. In addition, control procedures established for verification of immunization and recovery of provider overpayments were not followed.

DSS management should improve its review and monitoring procedures to ensure provider reimbursement requests are accurate and supported. In addition, DSS personnel should follow established control procedures over verifying immunization and collecting provider overpayments. Management concurred in part with the finding and outlined plans of correction action. In regard to the child care provider invoices, management noted that attendance logs are not required to be submitted with the providers' invoices although providers are required to maintain the attendance logs on-site (see Appendix A, pages 7-8).

Additional Comments: We acknowledge that DSS policies do not require child care providers to submit attendance logs with their invoices; however, DSS management has not established sufficient internal control to verify that the invoices are supported by adequate documentation. Because DSS management does not require the submission of the attendance logs, management relies instead on the CART reviews to monitor the child care providers. However, as noted in the finding, DSS, including its parish offices, is not taking sufficient action to follow up on the findings of the CART reviews and, therefore, that is not an effective monitoring function to ensure provider reimbursement requests are accurate and supported.

Foster Care - Title IV-E: Noncompliance With Program Requirements

For the fourth consecutive year, DSS did not comply with certain requirements for administering the Foster Care - Title IV-E program (CFDA 93.658). OMB Circular A-133, Subpart C, Section 300(b) requires states to establish internal control over federally funded programs to provide reasonable assurance that the state is managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements. Louisiana Revised Statute (R.S.) 46:1408 states the department shall issue a Class A license to a facility or agency upon establishment of the fact that minimum requirements for a license as established by the department are met and other state and local laws and regulations have been met.

Audit procedures performed on the Foster Care - Title IV-E program disclosed the following conditions:

- Two of eight clients (25%) tested were placed in childcare institutions or residential facilities that were fully licensed despite not meeting minimum licensing requirements, including licensing requirements that directly affect safety considerations. The Federal Administration for Children and Families (ACF) policy manual states that a childcare institution becomes eligible for Title IV-E funding when it comes into full compliance with the state's licensing requirements. The DSS Office of the Secretary, Bureau of Licensing is responsible for issuing Class A licenses to childcare facilities housing foster care children.

- Two of 21 foster care expenditures (10%) tested were not properly authorized. The service authorization form was not properly approved or the form was not found in the client's file.

- One of 21 foster care expenditures (5%) tested was made for a time period when the client was not eligible to receive those benefits.

DSS, Office of Community Services personnel did not consistently follow program regulations and existing procedures in the administration of the Foster Care - Title IV-E program. In addition, the department failed to consistently follow departmental regulations in providing Class A licenses to facilities housing foster care children. Failure to follow adequate control procedures to ensure compliance with federal regulations may result in disallowed costs. As a result of the exceptions noted previously, questioned costs totaled $33,716 ($24,434 - federal funds and $9,282 - state funds).

DSS management should require all employees to adhere to program regulations and established procedures in administering the Foster Care - Title IV-E program. In addition, management should ensure all fully licensed child care institutions meet minimum standards. Management concurred in part with the finding and provided corrective action plans on those issues where management concurred. Management did not concur with the portion of the finding relating to childcare institutions or residential facilities that were fully licensed despite not meeting minimum licensing requirements noting that the facilities are fully licensed and ACF did not sustain the same finding written in fiscal year 2006 (see Appendix A, page 9).

Additional Comments: R.S. 46:1408 states the department shall issue a Class A license to a facility or agency upon establishment of the fact that minimum requirements for a license as established by the department are met. We noted three monitoring visits were performed by DSS on the two entities where the clients were placed. Each monitoring visit identified 13 deficiencies of the minimum requirements. The deficiencies cited included, but were not limited to, failure to provide children with timely medical examinations, immunizations not available to each child, failure to timely report a serious threat to the child's well-being, lack of documentation of an annual fire safety inspection or a sanitation inspection, and inadequate supervision.

Temporary Assistance for Needy Families Program:
Internal Control Weaknesses Over Program Requirements

For the seventh consecutive year, DSS did not comply with certain program requirements for administering TANF (CFDA 93.558). DSS uses TANF funds to operate several programs, including Family Independence Temporary Assistance Program (FITAP), Strategies to Empower People (STEP), Kinship Care Subsidy Program (KSCP), and TANF Initiatives. OMB Circular A-133, Subpart C, Section 300(b) requires states to establish internal control over federally funded programs to provide reasonable assurance that the state is managing federal awards in compliance with grant provisions. Proper administration would include controls for ensuring expenditures are supported by adequate documentation. In addition, OMB Circulars A-87 and A-122 provide that to be allowable under federal awards, costs must be adequately documented, necessary, and reasonable.

In a review of 30 contract payments, eight instances (27%) totaling $303,491 were identified in which expenditures were not for allowable activities/costs or were not adequately supported to determine that the expenditures were properly, accurately, and reasonably charged to the TANF program.

DSS did not adequately monitor its personnel who did not follow program regulations and existing procedures in the administration of the TANF program. Failure to follow adequate internal control procedures to ensure compliance with federal regulations can result in costs that are unreasonable and unnecessary to the objectives of the TANF program and increases the risk of errors, fraud, and/or abuse. As a result of the exceptions noted previously, questioned costs totaled $303,491.

Management should monitor and enforce program regulations and established control procedures in administering the TANF program. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 10-11).

Inaccurate Annual Fiscal Reports

For the second consecutive year, DSS did not submit accurate Annual Fiscal Reports (AFR) to the Division of Administration. As authorized by R.S. 39:79, the commissioner of administration through the Division of Administration's Office of Statewide Reporting and Accounting Policy (OSRAP) prescribes the content and format for the preparation of each agency AFR, which is then used in the compilation of the state's Comprehensive Annual Financial Report and Single Audit Report. Good internal control includes establishing a process to ensure that these fiscal reports are accurately prepared and reviewed.

The AFRs for the Office of Family Support and the Office of Community Services that were submitted to OSRAP on August 29, 2008, included the following errors:

- The Office of Family Support understated the funds disbursed on the Schedule of Non-State Sub-recipients of Major Federal Programs (Schedule 8-4) by $12,007,247 (29.5%).

- The Schedules of State Agency, Hospital, College, and University Sub-recipients of Federal Programs (Schedule 8-5) were understated by $16,060,509 (13.7%) in the aggregate as follows:

    - The Office of Family Support understated the funds disbursed by $16,857,832.

    - The Office of Community Services overstated the funds disbursed by $797,323.

Department personnel made errors in interpreting the payment data in its system reports when determining the disbursements to be reported on Schedule 8-4 and Schedule 8-5. In addition, the supervisory review process was not effective in identifying errors in the schedules. Failure to submit accurate AFRs can delay the compilation and issuance of the state's Single Audit Report. Misstatements from errors may occur and remain undetected.

DSS management should ensure that its AFRs are properly prepared and should review the schedules in its AFRs to identify and correct errors before submitting them to OSRAP. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 12).

Ineffective Internal Audit Function

For the second consecutive year, DSS does not have an effective internal audit function to examine, evaluate, and report on its internal controls, including information systems, and to evaluate compliance with the policies and procedures that comprise controls. The internal audit function should provide management with assurances that assets of the department are properly safeguarded, internal controls are established and operating in accordance with applicable laws and regulations, and procedures are sufficient to prevent or detect errors and/or fraud in a timely manner.

The following weaknesses were identified during the review of the internal audit function:

- The Bureau of Audit Services did not prepare a risk assessment to identify and prioritize areas that pose the greatest risk to the department.

- The secretary of DSS did not approve an audit plan for fiscal year 2008 because no audits were scheduled to be performed during the year. Instead, the internal audit staff was assigned to work on special projects.

- In a review of the two projects completed by the Bureau of Audit Services during fiscal year 2008, one of the two audits reviewed had working papers that did not contain sufficient evidence to support the work performed and conclusions/findings noted in the audit report. In addition, the audit report was issued November 8, 2007, but the final supervisory review was not completed until May 28, 2008.

- The Bureau of Audit Services did not adequately address federal financial and compliance issues for the department's 28 federal programs that total approximately $1.4 billion of expenditures at June 30, 2008.

- No information technology audits were performed during the year.

The Bureau of Audit Services did not have a timely review function, did not adequately document the test work that supported audit conclusions, and failed to adequately address federal financial and compliance issues as well as information technology risks. Considering the department's reported assets of approximately $139 million and revenues of approximately $1.7 billion, an effective internal audit function is needed to ensure that the department's assets are safeguarded and that management's policies and procedures are uniformly applied.

DSS management should take the necessary steps to ensure that risk assessment is performed; the review process is performed timely; sufficient documentation to support audit conclusions is maintained; and the scope of the audits performed, to include information technology, is sufficient to achieve the objectives of an effective internal audit function. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 13-14).

Control Weaknesses Over Information Technology

For the second consecutive year, the DSS Information Technology (IT) Disaster Recovery Plan did not include certain components that would assist in the timely restoration and continuity of critical entity operations. According to Control Objectives for Information and Related Technology, continuous IT services require developing, maintaining, and testing IT continuity plans, offsite backup storage, and periodic continuity plan training.

Audit procedures performed during the current year disclosed that the DSS IT disaster recovery plan does not contain detailed working procedures for system and data restoration; no live simulation test has ever been conducted to switch production to the DSS hot site; and no formal disaster training has been provided to all IT personnel involved in the disaster recovery plan.

A live disaster recovery simulation test has not been performed because of the potential risks involved and the lack of funding to perform the test. Inadequate disaster recovery planning could lead to prolonged disruption of continuous service and loss of valuable assets.

Management should ensure the DSS IT disaster recovery plan includes detailed working procedures to allow timely and orderly system and data restoration, periodic testing, and a disaster recovery training program. Management concurred with the finding and outlined a corrective action plan (see Appendix A, pages 15-16).

Access to Electronic Data Processing Not Properly Restricted

For the fourth consecutive year, DSS does not have sufficient user access controls for the Advantage Financial System (AFS), the Advanced Governmental Purchasing System (AGPS), and the Contract Financial Management System (CFMS). These systems are components of the Integrated Statewide Information System (ISIS). Access to these systems is restricted through the use of passwords and user identification (ID) codes; however, this access was not properly restricted to ensure the integrity of data was maintained. The DSS ISIS USERID Program Policy (Policy 1-13) includes written procedures for the timely issuance and deletion of user ID codes.

Audit procedures performed on the AFS and AGPS/CFMS user IDs disclosed the following:

- Nineteen of 632 (3.0%) active AFS user IDs were assigned to individuals who had terminated, resigned, retired, or transferred to another agency. The length of time between separation dates and our test date ranged from four days to 284 days.

- Twenty-two of 755 (2.9%) active AGPS/CFMS user IDs were assigned to individuals who had terminated, resigned, retired, or transferred to another agency. The length of time between separation dates and our test date ranged from four days to 320 days.

Employees responsible for the issuance and deletion of user IDs did not comply with departmental policy that requires timely deletion of user IDs. Failure to promptly delete user IDs of separated employees increases the risk that unauthorized access to ISIS systems could occur, data could be compromised, and/or assets could be misappropriated.

DSS management should ensure employees comply with existing policy so that user ID access codes are deleted immediately upon the termination, retirement, or transfer of employees. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 17).

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

This letter is intended for the information and use of the department and its management, others within the entity, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

DLB:WDD:EFS:PEP:sr

DSS08

Management's Corrective Action Plans and Responses to the Findings and Recommendations

BOBBY JINDAL
GOVERNOR

KRISTY H. NICHOLS
SECRETARY

State of Louisiana

Department of Social Services
Office of the Undersecretary

February 25, 2009

Mr. Steve J. Theriot, CPA
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Fraudulent Billings by Providers

Dear Mr. Theriot:

Please refer to your letter of February 13, 2009, regarding audit findings of the Department of Social Services' Fraudulent Billings by Providers of your Single Audit of Louisiana. We concur with all of the findings that address instances of fraudulent billings identified by the Fraud and Recovery Section.

Listed below are the actions the agency will take to address the deficiencies cited:

- The Fraud and Recovery Section is incorporating Child Care provider information and invoices into TINA-GIS which allow us to research billings and develop possible signatures of fraud. We also map providers to recipients. The mapping aspect allows an investigator to see if distance between provider and recipients provide any clues to possible fraudulent activity.

- Fraud and Recovery has shifted a major portion of their investigative efforts to child care fraud. Fraud and Recovery is a founding partner in a joint Federal-State Child Care Provider Fraud Task Force that is actively investigating several Class A providers for over-billing. We are confident that this will have a positive result on provider fraud.

- DSS/OFS will assemble a Task Force to randomly review day care center attendance logs. Centers found in non-compliance will face recoupment and possible suspension, termination and prosecution when warranted.

- The Department has plans to implement an automated Time and Attendance system utilizing Card Swipe technology, Finger Imaging, or similar technology as a means of providing an electronic system for accurate and timely capturing, tracking and reporting of time and attendance data. An RFP is currently being worked on and we expect implementation in early 2010.

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- Effective November 1, 2008, Executive Bulletin 2376 – Provider Disqualification was issued November 1, 2008. Child Care Assistance Program (CCAP) providers will be subject to disqualification periods when certain acts or violations have been committed. The disqualification periods will result in termination of CCAP payments for specified periods of time. The effective date of the disqualification will be the close of business on the first workday after the Agency has made the decision to apply the disqualification. Providers will remain ineligible for CCAP payments until the mandatory disqualification period has been served and/or the corrective action is complete. An automated notice informing providers of these disqualification periods will be sent on October 31, 2008, to all active CCAP providers explaining the disqualification periods.

- Contract Services staff will be instructed to not pay invoices from contractors without receipt and review of the signed participation log of services from the provider.

- It is the Department's intention to reduce the number of TANF contracts to streamline services and reduce duplication of effort.

- Contract and Review Team (CART) will continue monitoring participant attendance logs on selected TANF contracts. Now in addition, Community Specialists will be randomly monitoring the programmatic aspect of the TANF contracts, including review of participant attendance logs.

Please advise if further information or explanation is needed.

Sincerely,

Ruth Johnson
Undersecretary

RJ/AKN/DDS/TP

Cc: Kristy H. Nichols
Alison Neustrom
Sammy Guillory
Cathy Lockett
David D. Sigue

BOBBY JINDAL
GOVERNOR

KRISTY H. NICHOLS
SECRETARY

State of Louisiana

Department of Social Services
Office of the Undersecretary

February 23, 2009

Mr. Steve J. Theriot, CPA
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Improper Employee Activity in Federal Programs

Dear Mr. Theriot:

Since the Department of Social Services, Office of Family Support, Fraud and Recovery Section identified said instance of fraudulent activity by an OFS employee in the Food Stamp and the TANF Programs, we concur with this finding and provide the following corrective action measures:

- The agency is working to develop an identity pattern (signature of fraud) based on the activities of fraud identified in this case that will automatically alert us when such activity is taking place. The system would query active OFS employee files against the LAMI system for possible matches.

- A Corrective Action Memo will be issued regarding DSS, OFS Policy I-510 and OFS Policy G-310 to remind staff that compliance with internal policy is mandatory and the possible consequences for failure to abide by said policy. In order for management to assure this policy is understood by staff, every staff member must sign a document that indicates his understanding of the policy along with the consequences that result if the policies are violated. The acknowledgment form will be filed in the employee's personnel folder.

- Regarding theft of Food Stamp Electronic Benefit Transaction (EBT) cards, the local offices have incorporated provisions into office procedures to monitor and document activities of staff that have benefit authorization and EBT card issuance capabilities. INFOPAC Report, LACUOOP7, Daily EBT Card Issuance Report, allows a parish manager to see every card issued on a given day and the USER ID of the person performing the activity. The report also shows the mailing address of the card which gives management a method to monitor if an employee is mailing cards to the parish office or their home address in an attempt to commit fraud. Parish office procedures include a review of the report to monitor staff activities.

The Office of Family Support will continue to investigate where needed and strengthen existing controls to reduce fraudulent activities. The agency is obligated to recover any ineligible benefits that were issued except where those benefits fall below certain thresholds as outlined in USDA-SNAP regulations.

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If further information is needed, please contact David D. Sigue by calling 342-3877.

Sincerely,

Ruth Johnson
Undersecretary

RJ/AKN/DDS/TP/chl

cc: Kristy H. Nichols
Suzy Sonnier
Alison K. Neustrom
David Sigue
Sammy Guillory
Cathy Lockett

BOBBY JINDAL
GOVERNOR

KRISTY H. NICHOLS
SECRETARY

State of Louisiana

Department of Social Services
Office of the Undersecretary

February 23, 2009

Mr. Steve J. Theriot, CPA
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Disaster Food Stamp Program: Intentional Program Violations and Ineligible Benefits

Dear Mr. Theriot:

Please refer to your letter of February 15, 2009, regarding audit findings on the Department of Social Services' Disaster Food Stamp Program (DSS DFSP), administered by the Office of Family Support (OFS).

We concur that DSS identified ineligible benefits in the DFSP program as intentional program violations dating back to Hurricanes Katrina and Rita. DSS/OFS independently initiated the review of DSS employee DFSP applications. It was in consultation with FNS after we began the review process that we were advised that all employee DFSP cases must be reviewed. In addition, the agency initiated reviews of non-employee DFSP applications where possible fraud was indicated.

- Appropriate disciplinary action is currently under consideration for the four employees referenced in your report. Of the 9 former and current employees, 3 have made total restitution and 6 are currently making payments back to the agency. The agency is actively seeking restitution on all cases that are identified as Intentional Program Violation.

- As of February 16, 2009 the OFS Fraud & Recovery Section has completed full reviews of 1,398 employee cases. The remaining 30 cases are at different stages of completion. In accordance with Federal Regulations (7FUSC 273.18), all DFSP recipients, including employees, who are determined to have received ineligible benefits are required to repay the Agency. Where warranted, other steps are being pursued, such as disciplinary action and/or referral for consideration of criminal charges.

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- OFS Fraud & Recovery Section will continue to also investigate additional DFSP benefits paid, and continue to investigate non-employee cases. The agency is obligated to recover any ineligible benefits that were issued except where those benefits fall below certain thresholds as outlined in USDA-FNS regulations. As of February 16, 2009, $314,846.66 has been recouped by the Department from employees. Recoupment of ineligible benefits from non-employees and employees continues via repayment agreements and/or tax intercepts.

- For future DFSP programs, the agency has developed strategies, improved policy/procedures, developed specific guidance and procedures for processing of employee DFSP applications to prevent fraud and to ensure program integrity:

    - Created specific guidance for the operation of a DFSP in agency manual Chapter 4, Section O.
    - Employee DFSP applications can only be taken and processed by designated staff at each site location.
    - To ensure the integrity of any future administered DFSP program, the OFS, Division of Quality Assurance Fraud and Quality Control Staff will monitor each disaster site during the entire DFSP timeframe. The QA Team will be present to observe the internal processes of the Disaster Food Stamp sites, monitor data entry of applications, monitor issuance of EBT cards, and provide guidance and direction to site managers to identify any questionable or suspected fraudulent applications.
    - All OFS staff received mandatory training on the agency's DFSP policy and procedures in 2006, 2007 and 2008. DFSP training is scheduled for 2009 prior to the start of hurricane season.
    - Disaster Data System upgraded to include identifying information on all household members.

DSS/OFS continues to investigate cases where ineligible DFSP benefits have been paid and are taking appropriate actions.

Please advise if further information is needed.

Sincerely,

Ruth Johnson
Undersecretary

RJ/AKN/DDS/TP/chl

cc: Kristy H. Nichols
Suzy Sonnier
Alison K. Neustrom
David Sigue
Sammy Guillory
Cathy Lockett

BOBBY JINDAL
GOVERNOR

KRISTY H. NICHOLS
SECRETARY

State of Louisiana

Department of Social Services
Office of Undersecretary

February 23, 2009

Mr. Steve J. Theriot, CPA
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana

RE: Child Care Cluster: Noncompliance With Program Requirements

Dear Mr. Theriot:

Please refer to your letter of February 10, 2009, regarding audit findings of the Department of Social Services' Child Care Cluster part of your Single Audit of Louisiana. Your findings address Noncompliance with Program Requirements.

We concur in part that the agency did not comply with certain federal and state requirements for administering the federal child care cluster. In your review you tested 40 child care invoices and called 40 in non-compliance due to lack of attendance logs with the invoices. Agency policy does not require child care providers to send in their attendance logs monthly with their invoices. Policy does require that attendance logs must be maintained onsite. We requested all the attendance logs associated with the review. Of those reviewed, 22 revealed correct payment made and 8 of the providers did not have attendance logs available. We concur with the findings related to immunization documentation.

We also concur in part with the finding regarding visit logs/sign-in sheets not supporting the number of technical assistance visits made to child care facilities.

We concur in part with the finding regarding the recoupment of overpayments to providers identified from CART reviews. We requested Parish Offices review the CART Reviews identified and found that only one of the seven identified had been received by the Fraud and Recovery Section. Due to an ongoing investigation of the Provider in question, recoupment of overpayment to provider is pending result of criminal investigation.

Listed below are the actions the agency will take to address the deficiencies cited:

- A Corrective Action Memorandum will be issued alerting staff of the audit findings and requiring review of appropriate Chapter 8 Policy in supervisory staff meetings.

- Corrective Action Memorandum C-078-00 Checking Child Care Assistance Program time and Attendance Logs Issued March 24, 2008, Effective April 1, 2008 required Parish Offices responsibility to randomly select one Class A Child Care Provider and compare the providers monthly CCAP invoice with the time and attendance logs for the month being reviewed prior to the invoice being validated for payment on CAPS. An Addendum will be issued to this memorandum that will require a random review of 5 attendance logs per month.

- Contract Accountability Review Team (CART) Staff will continue to review a random sample of day care attendance logs. Procedures will be put in place to ensure that noted findings are acted upon timely by parish office staff.

- DSS/OFS will assemble a Task Force to randomly review day care center attendance logs. Centers found in non-compliance will face recoupment and possible suspension, termination and prosecution when warranted.

- Contracted Resource and Referral Agencies (R&R's) will be reminded of their responsibility of maintaining attendance logs on all technical assistance provided to CCAP providers.

- A mandatory training will be conducted for all CCAP providers of proper maintenance of attendance logs and supporting documentation for CCAP invoices.

- The Department has plans to implement an automated Time and Attendance system utilizing Card Swipe technology and/or Finger Imaging, or similar technology as a means of providing an electronic system for accurate and timely capturing, tracking and reporting of time and attendance data. An RFP is currently being worked on and we expect implementation in early 2010.

- Effective November 1, 2008, Executive Bulletin 2376 – Provider Disqualification was issued November 1, 2008. Child Care Assistance Program (CCAP) providers will be subject to disqualification periods when certain acts or violations have been committed. The disqualification periods will result in termination of CCAP payments for specified periods of time. The effective date of the disqualification will be the close of business on the first workday after the Agency has made the decision to apply the disqualification. Providers will remain ineligible for CCAP payments until the mandatory disqualification period has been served and/or the corrective action is complete. An automated notice informing providers of these disqualification periods was sent on October 31, 2008, to all active CCAP providers explaining the disqualification periods.

- The agency will continue to have supervisors and specialist specifically check for documentation of immunizations when they review cases. The agency will also continue to stress the use of the Louisiana Immunization Network for Kids Statewide (LINKS) to verify immunizations.

Please advise if further information or explanation is needed.

Sincerely,

Ruth Johnson
Undersecretary

RJ/AKN/DDS/TP/chl

c: Kristy Nichols
Alison Neustrom
Sammy Guillory
David Sigue
Cathy Lockett

BOBBY JINDAL
GOVERNOR

KRISTY H. NICHOLS
SECRETARY

State of Louisiana

Department of Social Services
Office of the Undersecretary

March 16, 2009

Mr. Steve J. Theriot, CPA
Office of Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Foster Care – Title IV-E: Noncompliance with Program Requirements

Dear Mr. Theriot:

We concur in part that DSS did not comply with certain requirements for administering the Foster Care—Title IV-E program.

We do not concur that clients were placed in childcare institutions or residential facilities that were fully licensed despite not meeting minimum licensing requirements, including licensing requirements that directly affect safety considerations. The childcare institutions were granted full licenses by the Bureau of Licensing and therefore met Federal criteria for Title IV-E funding to be used. In a letter dated July 3, 2008, ACF responded to same finding in audit period July 1, 2005 – June 30, 2006. ACF did not sustain the finding by the Legislative Auditor, stating "In reviewing the State statute and State licensing standards, this office finds that the facilities were fully licensed and does not sustain this finding." We disagree with the finding of the Legislative Auditor based on the facilities being fully licensed and ACF's response to same finding.

We concur that foster care expenditures were not properly authorized. Fiscal adjustments will be reflected on the March 2009 Title IV-E-1 quarterly report. A memo will be sent out directing all staff to comply with policy reflected in Chapter 20 - TIPS Procedural Manual relating to the completion of the TIPS 106b, Client Authorization Form. As part of the corrective action plan, all supervisory staff will be required to cover this requirement at the next monthly unit meeting or at least before May 31, 2009.

We concur that foster care expenditures were made for a time period when a client was not eligible to receive benefits. Fiscal adjustments will be reflected on the March 2009 Title IV-E-1 quarterly report. On March 2, 2009, Eligibility staff was reminded to complete fiscal adjustments whenever a child's eligibility changes. The fiscal adjustment process for Eligibility staff is described in the Financial Assessment Manual which has been rewritten and is in process of being approved. OCS is also piloting a process that will notify Eligibility staff more timely of changes in a child's case which could affect eligibility.

If additional information is needed please contact Debbie Johnson, OCS Division of Financial Management, at 342-2766.

Sincerely,

Ruth Johnson
Undersecretary

RJ/DJ/chl

C: Kristy H. Nichols, Suzy Sonnier, Kaaren Hebert, Debbie Johnson, Cathy Lockett

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GOVERNOR

KRISTY H. NICHOLS
SECRETARY

State of Louisiana

Department of Social Services
Office of the Undersecretary

March 16, 2009

Mr. Steve J. Theriot, CPA
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Temporary Assistance for Needy Families Program:
Internal Control Weaknesses over Program Requirements

Dear Mr. Theriot:

We concur that the agency did not adequately monitor and enforce certain program regulations and establish control procedures in administering the TANF Program in relation to a number of contracts. In your review of 30 contract payments, eight instances were identified in which the agency did not obtain signed participant logs to support invoiced expenditures. Of the 8 instances cited, the agency has obtained the signed participant logs for 7 of the 8 contracts.

Listed below are the actions the agency will take to address the deficiencies cited:

- An email was sent to all Regional Administrators asking them to have Parish Managers review Administrative Memo 1742-02. Effective April 1, 2009 the following procedures will be followed according to the listed Administrative Memo 1742-02:
    - Contract Managers will advise transportation contractors to provide the authorizing parish district office with a copy of the invoice, the STEP Transportation Monthly Log Sheet and copies of the signed boarding logs. Contractors will also be advised that a payment will not be approved without parish receipt of required information.
    - Contract Managers will contact the Parish Manager or designee when the invoice is received from the contractor. The Contract Manager will be required to validate transportation authorizations on a monthly basis. No invoice will be paid without the parish office authorization. If there are any discrepancies, the Contract Manager will be required to notify the contractor and a corrected invoice must be submitted.
    - Parish Offices will maintain and provide upon request copies of the STEP Transportation Monthly Log and copies of the signed boarding log to Contract Services. Invoices will not be paid until validated by the parish office.
- Contract Services Staff have been instructed not to pay invoices from contractors without receipt and review of the signed participation log of services from the provider.

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- All cited contracts are being reviewed and/or compared to the participant logs. Any identified overpayments will be recouped by the agency. In addition, any provider suspected of fraudulent activity will be referred to the OFS Fraud Section for investigation.

Please advise if further information or explanation is needed.

Sincerely,

Ruth Johnson
Undersecretary

AKN/DDS/TP/chl

Cc: Kristy H. Nichols
Suzy Sonnier
Alison Neustrom
Sammy Guillory
Cathy Lockett
David D. Sigue

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KRISTY H. NICHOLS
SECRETARY

State of Louisiana

Department of Social Services
Office of the Undersecretary

February 18, 2009

Mr. Steve J. Theriot, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Re: Inaccurate Annual Fiscal Reports

Dear Mr. Theriot:

We concur that the Department did not submit accurate Annual Fiscal Reports to the Division of Administration.

Schedule 8-4 was understated as cited by the auditor. Prior to state fiscal year 2008, Support Enforcement Services contracts were posted in CFMS as governmental contracts (GOV) and were included on Schedule 8-4. Unaware to staff, in state fiscal year 2008, these contracts were posted as cooperative endeavors (COP) in CFMS. In previous years, cooperative endeavors were not included on Schedule 8-4. In full awareness of the change, this error will not occur again.

Procedures for the preparation of Schedule 8-5 were not followed by staff resulting in an inaccurate report. The gravity of their actions has been made clear to the Accountant Manager, the Assistant Administrator and the Administrator. Procedures for preparation of Schedule 8-5 by the Manager and review by the Administrator will be followed from hence forth.

Sincerely,

Ruth Johnson, Undersecretary
Office of Management and Finance

RJ/CHL

c: Kristy Nichols
Suzy Sonnier
Cathy Lockett

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KRISTY H. NICHOLS
INTERIM SECRETARY

State of Louisiana

Department of Social Services
Office of the Secretary

January 26, 2009

Mr. Steve J. Theriot, CPA
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Attn: Wayne D. DeLeo, Jr., CPA
Audit Manager

RE: Legislative Audit Finding: Internal Audit Function

Dear Mr. Theriot:

The following is in response to your letter of January 15, 2009 in reference to the above.

We concur that the Department of Social Services should have an effective internal audit function. The steps necessary to achieve this goal are being taken.

The Bureau of Audit Services has completed an Audit Plan and an Audit Work Plan, which are based on an assessment that identifies and prioritizes areas that pose the greatest risk to the Department. The Audit Plan and Audit Work Plan have been approved by me. The methodology used in developing the plan is set forth on pages 51 – 52 of the attached document and the Work Plan immediately follows on pages 53 – 55. Support documentation is included in the second section of the document. The plan also included assessment of information technology risks and we are currently considering contracting for audits to be performed. The status of work being done to implement the Audit Work Plan is being reported to me and is being discussed with the executive staff team on a monthly basis. In addition, the Bureau of Audit Services has made a presentation to the executive management team relative to audit suggestions in the areas of Code of Ethics, Conflict of Interest, Ethics Hotline, and Employee Surveys which are important audit areas under the *International Standards for the Professional Practice of Internal Auditing*. Members of the executive management team are to respond to these suggestions.

The Audit Manager position, which is currently vacant, has been announced by Civil Service. Appropriate actions toward filling the position will be taken once we receive the results of the Civil Service announcements. Staff auditors have received additional information on what is to be included in audit work papers and their Performance, Planning and Review forms have been updated to stress the importance of high quality audit work, thorough knowledge and application of *the International Standards for the Professional Practice of Internal Auditing* and specifically that work paper files are to contain all required documents; that documents are properly completed and that evidence is sufficient, competent, relevant and useful for matters related to the scope and objectives of the audit and the conclusions reached. Audit work is being reviewed on an on-going basis.

Included in the Audit Work Plan are audits to be conducted on the following federal programs: Food Stamp Program, Family Independence Temporary Assistance Program (FITAP), Strategies to Empower People (STEP), and Kinship Care (KC). Staff has attended training on the Family Independence Temporary Assistance Program, Strategies to Empower People, Kinship Care and the Food Stamp

Program. They are in the process of developing audit programs and planning to conduct field work. A sample of cases to be reviewed for each of these programs has been selected.

In addition to the above, the Audit Work Plan includes a review of payments for the following federal programs: Emergency Shelter Grants, Promoting Safe and Stable Families, Community-Based Family Resource and Support Grant, Chafee Education and training Voucher Program, Children's Justice Grants to States, Adoption Assistance, Child Abuse and Neglect State Grant, John Chafee Foster Care Independent Living Program, Child Support Enforcement Research, Grants to States for Access and Visitation Program, and Social Service Block Grant.

Please be assured that we are making every effort to achieve an effective internal audit function that can provide management with assurances that assets of the Department are properly safeguarded, internal controls are established and operating in accordance with applicable laws and regulations, and procedures are sufficient to detect errors and/or fraud in a timely manner.

If I can provide additional information, let me know.

Sincerely,

Kristy H. Nichols
Secretary

KN:JS:sr

c: Suzy Sonnier
Ruth Johnson
Janet Slaybaugh
Cathy H. Lockett

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GOVERNOR

KRISTY H. NICHOLS
SECRETARY

State of Louisiana

Department of Social Services
Office of the Undersecretary

March 3, 2009

Mr. Steve J. Theriot, CPA
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Control Weaknesses Over Information Technology

Dear Mr. Theriot:

While the IS Section concurs with the finding as it relates to the simultaneous recovery of multiple tier-1 applications, we would like to submit the following statement regarding the Louisiana Automated Management Information system (L'AMI):

> *In June 2008, DSS completed a proof-of-concept disaster recovery test for the L'AMI system. In this test, a L'AMI subsystem was recovered to a distinct LPAR on the LSU mainframe via restores from tape backups. Subsequently, a test group logged on to the L'AMI subsystem, entered transactions that would trigger specifically targeted operations, and ran a cycle resulting in the successful transmission of test benefit and demographic files and the successful generation of test EBT cards from Chase Bank.*

This disaster recovery test is significant in that it:

1. Proved the "dual computing center" concept that we can utilize mainframe and storage resources at a backup data center to recover and operate a critical application;
2. Demonstrated that are Systems Programmers and Database Administrators can proficiently prepare the technical environment at the backup data center to continue critical operations;
3. Provided a training opportunity for Systems Programmers, Database Administrators, and Applications Project Leaders / Analysts in the roles that each would need to fill in an actual disaster recovery operation.

<u>Corrective Action Plan</u>
In conjunction with a similar finding from the IRS Safeguard Audit, the IS Section has initiated a project that will result in the development of an IT Contingency Plan, based on the objectives documented in the NIST Special Publication 800-34. The following time table has been developed to ensure that we meet these objectives by the end of 2009:

1. January 2009: Develop the Policy Statement; initiate the Business Impact Analysis (BIA).
2. February 2009: Complete the BIA questionnaires.
3. March 2009: Analyze/document BIA results; develop recovery priorities; identify preventive controls
4. April 2009: Document backup methods, recovery sites, equipment replacement and role definitions.
5. May 2009: Finalize recovery strategies, roles and responsibilities.
6. June 2009: Publish the DSS IT Contingency Plan.
7. July – Dec. 2009: Conduct the first of scheduled semi-annual DR tests; train DR Team; implement maintenance procedure.

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The DSS IT COOP/COG Coordinator, David Moore (225-342-5629), will serve as the Project Lead to ensure the Corrective Action Plan is completed by December 31, 2009.

Sincerely,

Ruth Johnson
Undersecretary

RJ/DF/chl

c: Kristy H. Nichols
Suzy Sonnier
Duane Fontenot
Cathy Lockett

BOBBY JINDAL
GOVERNOR

KRISTY H. NICHOLS
SECRETARY

State of Louisiana

Department of Social Services
Office of the Secretary
Office of Management & Finance

February 13, 2009

Mr. Steve J. Theriot, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: Access to Electronic Data Processing Not Properly Restricted

Dear Mr. Theriot:

We concur that 3.0% of active AFS user IDs and 2.9% of active AGPS/CFMS user IDs were assigned to individuals who had terminated, resigned, retired, or transferred to another agency or no longer had a business need. Our DSS ISIS User ID Program Policy 1-13 provides written procedures for the timely deletion of user ID codes to ensure integrity of the systems.

The OMF Division of Support Services will implement an additional control to ensure greater compliance with this Departmental policy. In addition to working the monthly separation reports, staff will institute a quarterly review and comparison of the User ID BUNDL reports and the Active Employee Listing provided by each DSS office. This additional check should help further reduce the incidence of exceptions to the policy and carry us forward toward our goal of eliminating this finding in the future.

If you need additional information, you may contact Diane Pfeifer, Director of Support Services at 342-1875.

Sincerely,

Ruth Johnson, Undersecretary
Office of Management and Finance

C: Kristy H. Nichols
Suzy Sonnier
Ruth Johnson
Diane Pfeifer

RJ/DP

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