

CHILD WELFARE PAYMENTS

DEPARTMENT OF CHILDREN AND FAMILY SERVICES

PERFORMANCE AUDIT SERVICES

**Informational Report
August 20, 2025**

**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
BETH Q. DAVIS, CPA

DIRECTOR OF PERFORMANCE AUDIT SERVICES
EMILY DIXON, CIA, CGAP, CRMA, MBA

PERFORMANCE AUDIT MANAGER
KRISTEN JACOBS, CIA, CGAP, MA

AUDIT TEAM
CHRIS MAGEE, CIA, CGAP, CFE, MBA
LAURYN DEBETAZ, MSW

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. When contacting the office, you may refer to Agency ID No. 9726 or Report ID No. 40240030 for additional information.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Four copies of this public document were produced at an approximate cost of \$2.90. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Jenifer Schaye, General Counsel, at 225-339-3800.

August 20, 2025

The Honorable J. Cameron Henry, Jr.,
President of the Senate
The Honorable Phillip R. Devillier,
Speaker of the House of Representatives

Dear Senator Henry and Representative Devillier:

This informational report provides information on the Department of Children and Family Services' (DCFS) controls over payments it made for child welfare services. This report is intended to provide timely information related to an area of interest to the legislature or based on a legislative request. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to DCFS for its assistance during this review.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/aa

CHILDWELFAREPAYMENTS



Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Child Welfare Payments

Department of Children and Family Services

August 2025

Audit Control #40240030

Introduction

This report provides information on the Department of Children and Family Services' (DCFS) controls over payments it made for child welfare services. DCFS's Division of Child Welfare (Child Welfare) works to protect children against abuse and/or neglect, find permanent homes for Louisiana's foster children, and to educate the public on Safe Sleep and Louisiana's Safe Haven Law. Payments for child welfare services are primarily for adoption and foster clients. We performed this review to provide information about how DCFS could strengthen its controls over child welfare payments.

The **Tracking, Information, and Payment System (TIPS)** has been DCFS's payment system for child welfare payments since 1988.

Child welfare payments. Child welfare payments are made through TIPS, which is an online information management and payment system that generates payments for services provided to child welfare clients. Child Welfare also uses TIPS to track services to clients. The Fiscal Services Section within DCFS's Division of Management and Finance provides financial services to DCFS. TIPS payments are processed by Child Welfare or the Fiscal Services Section.

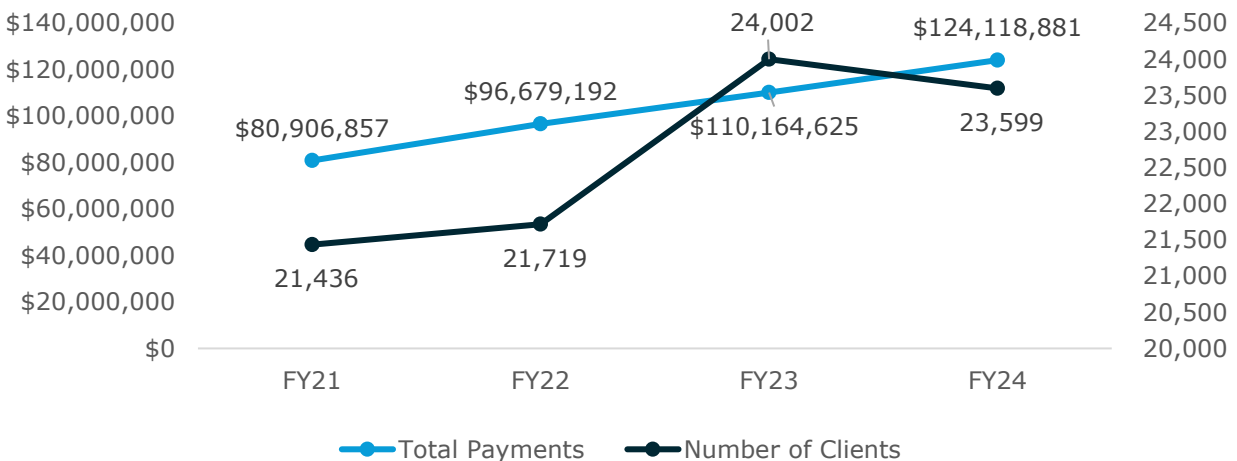
There are two types of providers that are paid through TIPS: paid providers and service providers. Paid providers, such as foster or adoptive parents, are typically paid based on set rates that are outlined in service agreements. Service providers are paid various rates, some that are set through service agreements and others that can be manually input into TIPS by caseworkers in certain instances. Service providers typically include therapists, residential homes, sitters, daycares, etc. Other services paid through TIPS include client incidentals, such as clothing and transportation services.

TIPS Funding and Expenditures. In fiscal year 2024, \$184.9 million (56.5%) of Child Welfare's \$327.5 million in funding came from federal sources,¹ \$126.4 million (38.6%) came from the State General Fund, and \$16.2 million

¹ Federal funds include Title IV-E for foster children room and board costs and independent living services, Child Abuse and Neglect Grant, Children's Justice Act Grant, Social Security Income, Social Security Disability Income, Title XX Social Services Block Grant, Adoption Incentive Payments, and Community-Based Family Resource Grant.

(4.9%) came from interagency transfers² and self-generated funds. Overall payments in TIPS have increased 53.4% from fiscal year 2021 through fiscal year 2024, from \$80.9 million to \$124.1 million, while the number of clients served increased 10.1% during the same timeframe, from 21,436 clients with associated TIPS payments to 23,599. According to DCFS, the increase in costs are due, in part, to an increase in day care services and foster care, including increases in participation and rates for these services. Exhibit 1 shows the total TIPS payments and number of clients served during fiscal years 2021 through 2024. Appendix C includes total payments and the number of clients for each child welfare program for fiscal years 2021 through 2024.

Exhibit 1
Total TIPS Child Welfare Payments and Number of Clients Served
Fiscal Years 2021 through 2024



Source: Prepared by legislative auditor's staff using TIPS data.

The objective of this review was:

To provide information on how DCFS could strengthen controls over child welfare payments.

² Interagency transfers include, in part, funds from the Louisiana Department of Health's Medicaid program for administrative costs of Medicaid funded case management services and Louisiana Department of Education from the Child Care and Development Fund for childcare payments to providers for foster clients.

Our results are summarized on the next page and discussed in detail throughout the remainder of the report. Appendix A contains DCFS's response. Appendix B contains our scope and methodology, and Appendix C contains total payments and the number of clients for each child welfare program for fiscal years 2021 through 2024. Appendix D contains examples of hospital and in-home sitter payments from July 2020 through December 2024, and Appendix E contains the ten highest per day client transportation payments from July 2020 through December 2024.

Informational reports are intended to provide more timely information than standards-based performance audits. While these informational reports do not follow *Government Auditing Standards*, we conduct quality assurance activities to ensure the information presented is accurate. We incorporated DCFS's feedback throughout this informational report.

Objective: To provide information on how DCFS could strengthen controls over child welfare payments.

Overall, we found opportunities where DCFS could strengthen controls over child welfare TIPS payments. Controls are important mechanisms to ensure that payments are made in accordance with established policies and that payment amounts have been approved and are appropriate for the services rendered. DCFS currently has controls over payments, including payment approval processes and automatic controls in TIPS such as standard rates. However, we found some areas that could benefit from additional controls. Specifically, we found:

- **DCFS could strengthen controls over processing manual payments by requiring approval from staff at a level higher than the supervisor.** Additional approval could prevent overpaying for services or approving services that do not meet policy requirements.
- **DCFS could strengthen its retention of payment approval documentation to support child welfare payments.** DCFS could not always provide supporting documentation for payments requested by auditors, or approvals were not conducted in accordance with policy.
- **While standard rates may not be applicable to all types of services, DCFS could strengthen controls over child welfare payments by ensuring most services have standard rates, that the established rates are reasonable, and that services provided are paid in accordance with the established rates.** We found that hospital and in-home sitter services and transportation services may have a risk of unnecessarily high payments.
- **DCFS could create additional automatic controls in the TIPS system to help prevent incorrect payments, such as capturing the number of service hours and requiring more rates to be coded into TIPS.** Automated control activities can be incorporated directly into computer applications to achieve validity, completeness, and accuracy of transactions during processing.

This information is discussed in more detail in the following sections.

DCFS could strengthen controls over processing manual payments by requiring approval from staff at a level higher than the supervisor.

DCFS uses TIPS to automatically verify dates of service and service authorizations for some child welfare payments, such as for automatic monthly foster care and adoption payments to parents. Other types of payments require authorization from DCFS Fiscal Services, such as for restrictive care and therapeutic foster care payments³ and for payments to vendors. DCFS also can make manual payments in certain circumstances, which do not require the same level of approval as other payments. As a result, it is important that DCFS has strong control activities in place to ensure that manual payments are appropriate. According to the COSO⁴ *Internal Control - Integrated Framework*, control activities are the actions established through policies and procedures that help ensure that management mitigates risks, and they may be preventive or detective in nature, encompassing a range of manual and automated activities such as authorizations and approvals, verifications, and reconciliations.⁵

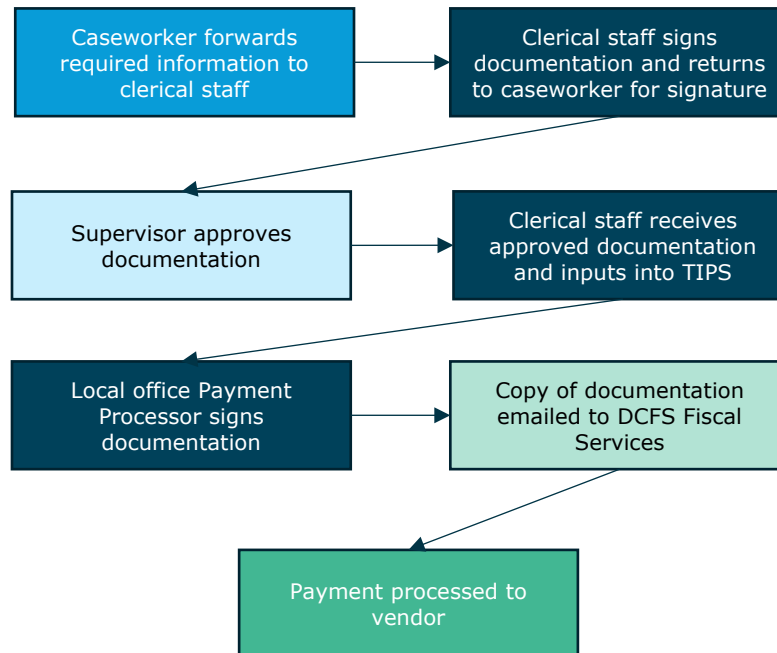
DCFS could strengthen controls over processing manual payments by requiring approval from staff at a level higher than the supervisor. Unlike other child welfare payment processes, manual payments do not require approval by DCFS Fiscal Services. Manual payments are initiated by caseworkers and the highest level of approval required is supervisor approval, according to DCFS policy. These payments are used, for example, when DCFS cannot make an automatic monthly payment to a foster or adoptive parent due to the timing of the services or when caseworkers must purchase needed items for clients, such as clothing. Because manual payments only require approval by a supervisor, this process creates a higher risk that payments are approved when they should not be. Additional approval, such as by Fiscal Services, could prevent overpaying for services or approving services that do not meet policy requirements. While manual payments are appropriate and necessary in some circumstances, a stronger approval process would help DCFS ensure correct, appropriate payments for services. Exhibit 2 shows the approval workflow for manual payments.

³ Restrictive care facilities are public or private licensed or unlicensed child care facility, group home, emergency shelter facility, maternity home, or psychiatric hospital. Therapeutic group homes are facilities that provide community-based residential services in a home-like setting of no greater than ten beds under the supervision and oversight of a psychiatrist or psychologist. These homes provide a structured living environment 24 hours per day.

⁴ Committee of Sponsoring Organizations of the Treadway Commission (COSO)

⁵ https://www.coso.org/files/ugd/3059fc_1df7d5dd38074006bce8fdf621a942cf.pdf

Exhibit 2 Approval Workflow for Manual Payments



Source: Prepared by legislative auditor’s staff using information provided by DCFS.

Adjusting the manual payment process so that Fiscal Services, or another appropriate level of management, must approve the payment after supervisor approval would help ensure that the payment is correct and appropriate. In the current process, Fiscal Services only receives a copy of the documentation after final payment is processed.

Recommendation 1: DCFS should require that manual payments be approved at a level higher than a supervisor level.

Summary of Management’s Response: DCFS agreed with this recommendation and stated that it will implement new internal controls related to the processing of manual payments. DCFS is currently working with the Office of Technology Services (OTS) to implement a change to TIPS which would prevent Child Welfare from processing manual payments without approval from the Division of Management and Finance. In addition, all manual payments must contain prior approval from the Assistant Secretary of Child Welfare as well as additional supporting documentation for the transaction. DCFS stated that its target implementation date is November 2025. See Appendix A for management’s full response.

DCFS could strengthen its retention of payment approval documentation to support child welfare payments.

Retaining supporting documentation is an important component of internal controls, especially for payments using federal funds, such as those for child welfare services. Federal regulations require non-federal entities, such as DCFS, to establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.⁶ In addition, DCFS's retention schedule requires it to retain some payment documentation for up to ten years.

DCFS could strengthen its retention of payment approval documentation to support child welfare payments. DCFS could not always provide supporting documentation for payments requested by auditors, or approvals were not conducted in accordance with policy. We reviewed invoices and supporting documentation for 36 TIPS payments from July 2020 through December 2024,⁷ and DCFS could not provide supporting documentation for four (11.1%) payments.⁸ According to DCFS, it started using DocuSign software in December 2023, which improved the retention of some payment documentation.

Both LLA financial auditors and DCFS internal auditors have also noted control deficiencies with child welfare TIPS payments in past audit reports. In a March 2025 Management Letter,⁹ LLA financial auditors found that, out of 40 sample expenditures,¹⁰ DCFS was unable to provide the TIPS payment form that shows evidence of review and approval for the payment detail for one (2.5%) transaction. However, DCFS did provide the invoice, which included payment detail information to support allowability of the expenditure. In addition, LLA found that for one (2.5%) transaction the TIPS payment form lacked evidence of review and approval, as it was not signed by a supervisor as required by policy.

In a January 2025 audit, DCFS internal auditors found that in six (5.0%) of the 120 automatic monthly payments to foster or adoptive parents they tested, Child Welfare management could not provide documentation to show the caseworker and supervisor authorized the payment. In addition, internal auditors found that in four (6.7%) of the 60 manual payments tested, Child Welfare management could not provide the required forms with signatures from both the caseworker and supervisor.

⁶ 2 Code of Federal Regulations (CFR) 200.303

⁷ We judgmentally selected these invoices based on our data analysis results and requested invoices and supporting documents for each payment. There were 1,261,183 TIPS payment records in our scope. See Appendix B for our methodology.

⁸ Three payments were from 2020 and one was from 2023.

⁹ [https://app2.lla.state.il.us/publicreports.nsf/0/c50bee661c65e87286258c58006ea99b/\\$file/00007142.pdf?openelement&.7773098](https://app2.lla.state.il.us/publicreports.nsf/0/c50bee661c65e87286258c58006ea99b/$file/00007142.pdf?openelement&.7773098)

¹⁰ Financial auditors reviewed a statistical sample of 40 expenditures out of a population of 64,711 expenditure transactions totaling \$17,347,798.

Recommendation 2: DCFS should ensure that it maintains approval documentation to support child welfare payments.

Summary of Management's Response: DCFS agreed with this recommendation and stated that it began utilizing DocuSign software in December 2023 to improve retention of payment documentation, and the missing transactions noted in this report were prior to the utilization of DocuSign. DCFS is implementing the SABRE Project, projected to begin in October 2025, which is a transformative effort to modernize child welfare record management across all field offices by transitioning from physical case files to a secure, centralized, and searchable digital repository. See Appendix A for management's full response.

While standard rates may not be applicable to all types of services, DCFS could strengthen controls over child welfare payments by ensuring most services have standard rates, that the established rates are reasonable, and that services provided are paid in accordance with the established rates.

DCFS has set standard rates for a variety of child welfare services, such as for monthly payments to foster and adoptive parents, residential facilities, and day care services. According to DCFS, rates have historically been increased by a percentage across the board; however, it currently has a contract with a vendor to establish actuarially-sound rates that will be effective in fiscal year 2027. Having standard rates in policy for other types of services could strengthen controls and ensure that payments made for services are consistent and reasonable.

While standard rates may not be applicable to all services, DCFS could strengthen controls over child welfare payments by ensuring most services have standard rates, that the established rates are reasonable, and that services provided are paid in accordance with the established rates. We found that hospital and in-home sitter services and transportation services may have a risk of unnecessarily high payments. From July 2020 through December 2024, DCFS spent approximately \$8.6 million on hospital and in-home sitter services. DCFS policy for in-home sitters sets a maximum hourly rate of \$28; however, the policy for hospital sitters does not include a standard rate. We identified¹¹ rates that DCFS paid for hospital sitters ranging from \$20 an hour to \$40 an hour, often for 24-hour days and sometimes with two sitters at a time. Appendix D shows examples of hospital and in-home sitter payments, including the estimated per day amount, during July 2020 through December 2024.

¹¹ Based on reviewing invoices and supporting documentation in a targeted selection of TIPS payments. See Appendix B for our methodology.

We also found that, during July 2020 through December 2024, DCFS spent approximately \$7.0 million on client transportation services. DCFS policy does not stipulate a maximum rate for all types of transportation services. While for some types of transportation a standard rate may not be feasible, for other types of transportation, such as rides within the community, a maximum standard rate would be feasible and would strengthen controls to ensure that DCFS is using child welfare funds appropriately. For example, we identified an instance where DCFS paid a transportation vendor \$60 each way for daily transportation to and from school and home and/or the DCFS office, totaling \$2,100 for 17.5 days of transportation. While this payment went through the required approval process, there is no rate set in policy to ensure the rates are reasonable. Appendix E shows the ten highest per day client transportation payments during July 2020 through December 2024.

In addition, we found a \$3,740 payment for transporting a client and direct care worker in a wheelchair van to an appointment approximately 300 miles away and back. The rates in DCFS policy are by the minute, while Medicaid Ground Non-Emergency Ambulance Transportation (NEAT)¹² and Non-Emergency Medical Transportation (NEMT)¹³ rates are by the mile. The rates in DCFS policy are different than Medicaid rates for transportation. For example, the Medicaid NEMT rate for a wheelchair van is a \$21.50 base rate plus \$1.30 per mile, and the NEAT rate is \$7.52 per mile plus a \$165.96 base rate for medical services during transportation. The DCFS policy for a wheelchair van ranges from \$300 for a trip of 0-25 minutes to \$1,525 for a trip over 250.1 minutes. According to DCFS, these rates apply to situations when the client is violent or has behavioral concerns. In this example, the client was medically fragile, which may be more comparable to Medicaid NEAT services. DCFS should clarify policy to delineate which transportation services are appropriate and ensure that rates are appropriate. See Exhibit 3 for a breakdown of the trip and comparison between DCFS policy rates and Medicaid rates.

¹² Ground NEAT is non-emergency ambulance transportation provided for Medicaid recipients to and from a Medicaid covered service when no other means of transportation is available and/or would make the recipient susceptible to injury. While the trip is not an emergency, the recipient requires the use of an ambulance.

¹³ NEMT is non-emergency medical transportation provided for Medicaid recipients to and from a Medicaid medical provider. The program provides transportation when all other reasonable means of free transportation have been explored and are unavailable. Clients in foster care are eligible for Medicaid.

Exhibit 3 Transportation Example Comparison to Medicaid Rates					
Trip Segment	City	Total Miles	DCFS Rate	Medicaid NEAT Rate	Medicaid NEMT Rate
From DCFS office (direct care worker) to client's residence	within Monroe	2.5	\$300	\$19	\$25
From client's residence to appointment	Monroe to Terrytown	288	1,525	2,332	396
From appointment to DCFS office (direct care worker)	Terrytown to Monroe	287	1,700	2,158	395
Waiting time during appointment*			120	n/a	n/a
Overpayment**			95	n/a	n/a
Total		577.5	\$3,740	\$4,509	\$816
*Two instances of wait times at \$60 each **Subsequent to payment, while reviewing documentation for this example, DCFS identified an overpayment. Source: Prepared by legislative auditor's staff using information provided by DCFS and Medicaid rates.					

DCFS is currently contracted with a vendor to develop standard rates and expects final rate-setting to be effective starting in fiscal year 2027. However, this rate-setting includes foster home rates and residential facility rates, such as therapeutic group homes, but does not include determining reasonable rates for services such as client transportation or hospital and in-home sitters. Developing rates for these services would help DCFS ensure that payments for these services are reasonable. According to DCFS, in July 2025, because child welfare clients receive Medicaid, it is moving to a model of Medicaid targeted case management for the DCFS population and will use Medicaid enrolled providers for services, paying at the Medicaid allowable rate. This will help ensure that rates paid are reasonable.

Recommendation 3: DCFS should ensure that services, including those not addressed by the current rate-setting contract, have reasonable standard rates.

Summary of Management's Response: DCFS agreed with this recommendation and stated that it is working with OTS to implement a change to TIPS which will update the "rate table" to include all rates currently established by policy. In addition, DCFS is comparing all rates established in policy against the Medicaid rates and will adjust internal rates to reflect the lesser of the Medicaid rate or current rate. DCFS stated that its target date is November 2025. See Appendix A for management's full response.

Recommendation 4: DCFS should ensure that it abides by the rates set in policy.

Summary of Management's Response: DCFS agreed with this recommendation and stated that it is revising policies related to rate-setting

to establish defined rates for each of the provider types. DCFS will ensure adherence to established rates outlined in policy by updating the rate table in TIPS to restrict the payable rates to those established in policy. DCFS stated that its target implementation date is November 2025. See Appendix A for management's full response.

DCFS could create additional automatic controls in the TIPS system to help prevent incorrect payments, such as capturing the number of service hours and requiring more rates to be coded into TIPS.

Automated control activities can be incorporated directly into computer applications to achieve validity, completeness, and accuracy of transactions during processing. According to the U.S. Government Accountability Office,¹⁴ automated control activities tend to be more reliable because they are less susceptible to human error and are often more efficient. According to DCFS, it is evaluating whether it will move to a new system that will replace TIPS. If it moves to a new system, automated control activities should be built into that system.

DCFS could create additional automatic controls in the TIPS system to help prevent incorrect payments, such as capturing the number of service hours and requiring more rates to be coded into TIPS. The TIPS system already has automatic controls for some payments. For example, DCFS uses TIPS to generate automatic monthly payments to foster and adoptive parents based on the location of the client and the assigned foster/adoptive parent. However, we identified areas where DCFS could incorporate additional controls, including:

- **Capturing the number of hours for services paid by the hour.** TIPS does not currently capture the number of hours for services provided that are paid by the hour. The lack of controls creates a risk that payments could be processed that exceed the approved hours or rates for the services provided.

Some types of services are paid hourly, such as hospital and in-home sitters and restrictive staffing. For restrictive staffing, which is one-on-one intervention staffing due to behavior, DCFS policy sets the maximum rate at \$16 an hour. Because TIPS does not currently capture the number of service hours provided, the system cannot automatically check to ensure that the payments do not exceed the number of hours provided. TIPS has a field for the number of service units; however, this field is not always used by DCFS staff. DCFS could require this field for certain services, along with a maximum rate, which could add an automated control to the payment process.

¹⁴ [Standards for Internal Control in the Federal Government](#), September 2014

- **Including standard rates for more types of services.** Not all services have standard rates coded in TIPS, even when DCFS policy sets a standard maximum rate. Requiring standard or maximum rates to be coded into TIPS for certain services, such as hospital and in-home sitters and some transportation services, would allow TIPS to automatically check the rate and/or service hours against the payment amount. For example, we identified a payment for restrictive staffing at \$40 an hour for 24 hours. The TIPS record did not include the number of hours or the maximum rate. This payment was approved for \$40 an hour; however, it exceeds the rate set in policy. Of the 175 payments for restrictive staffing from July 2020 through December 2024, 90 (51.4%) potentially exceeded¹⁵ the \$16 an hour maximum rate.
- **Using TIPS to cross-check for requirements.** DCFS could also create controls in TIPS to automatically check whether a payment meets policy requirements. For example, TIPS could cross-check that a client is in the hospital when hospital sitter services are rendered. We identified approximately \$2.2 million (31.9%) of \$6.9 million in payments for hospital sitters when the client never had a hospital placement according to TIPS. Some of these payments were for sitters for clients in the DCFS office or hotel rooms. DCFS internal auditors also identified hospital and in-home sitters as high risk and found instances where, according to TIPS, a client received hospital sitter services, but was never in the hospital. Coding these payments as hospital sitters rather than in-home sitters could be a way to circumvent the maximum hourly rate set by the in-home sitter policy.

TIPS could also check that in-home sitters meet policy requirements. DCFS policy states that in-home sitter providers must be certified foster parents or a Home and Community Based Service provider that has a service agreement with DCFS. However, DCFS does not require that service agreements for in-home sitters are entered into TIPS. As a result, TIPS cannot cross-check providers to help ensure they are certified foster parents or have a service agreement with DCFS.

Recommendation 5: DCFS should either update TIPS or build controls in a new system to require the number of service hours for services that are paid by the hour, such as using the Service Units field to denote the number of service hours.

Summary of Management's Response: DCFS agreed with this recommendation and stated that it is currently working with OTS to implement a change to TIPS which will require that the service unit field be completed on all payable screens. By requiring this field, the payable amount

¹⁵ To conduct this analysis, we calculated the rate based on the client receiving services for a full 24-hour day. However, because TIPS does not include the number of service hours received, we could only estimate hypothetically if the services were delivered for 24 hours in one day. The amount of payments that exceeded the maximum rate may be higher.

for all transactions will be calculated based on the [Number of Service Units] x [Allowable Rate]. DCFS stated that its target implementation date is December 2025. See Appendix A for management's full response.

Recommendation 6: DCFS should code maximum standard rates into TIPS or a new system for all services based on rates set in policy, such as rates for in-home sitters and restrictive staffing services.

Summary of Management's Response: DCFS agreed with this recommendation and referenced its responses to recommendations 3, 4, and 5.

Recommendation 7: DCFS should either create controls in TIPS or build controls into a new system to verify that policy requirements are met, such as ensuring clients with hospital sitter services are in the hospital and that in-home sitters are certified or have a service agreement.

Summary of Management's Response: DCFS agreed with this recommendation and stated that it is currently working with OTS to implement a change to TIPS which will verify that the Major/Minor code used on the transaction is allowable for the placement type on the date of service. DCFS stated that its target implementation date is January 2026. See Appendix A for management's full response.

APPENDIX A: MANAGEMENT’S RESPONSE

August 15, 2025

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

Re: Child Welfare Payments Audit Control # 40240030

Dear Mr. Waguespack:

The Department of Children and Family Services (DCFS) has received the Informational Report titled "Child Welfare Payments" conducted by the Performance Audit Services. DCFS remains committed to continuously evaluating ways to improve and streamline the processes within the agency.

While the audit captures performance from SFY 2021 through early SFY 2025, the Department has already begun to make changes that will enable the Child Welfare division to provide better oversight of Child Welfare Payments, including control weaknesses mentioned in the informational report.

Below is a response to each recommendation and the plans to address each area.

Recommendation 1: DCFS should require that manual payments be approved at a level higher than a supervisor level.

DCFS's Division of Child Welfare (CW) will implement new internal controls related to the processing of manual payments on a TIPS 211 document. The Division of Management and Finance (DMF) is currently working with the Office of Technology Services (OTS) to implement a change to the TIPS financial system which would prevent CW from processing manual payments without DMF approval. Additionally, all 211 documents must contain prior approval from the Assistant Secretary of Child Welfare as additional supporting documentation for the transaction. Our target implementation date is November 2025.



Recommendation 2: DCFS should ensure that it maintains approval documentation to support child welfare payments.

As noted in the informational report, DCFS began utilizing DocuSign software in December 2023 to improve retention of payment documentation. The missing transactions noted in the Informational Report were prior to the utilization of DocuSign for transactions. DCFS is implementing the SABRE Project, which is a transformative effort to modernize child welfare record management across all field offices of the Louisiana Department of Children and Family Services by transitioning from physical case files to a secure, centralized, and searchable digital repository. This shift will reduce the operational burden of maintaining physical records, increase staff efficiency, and improve outcomes for children and families through more timely and accurate access to information. DCFS continues to explore ways to ensure retention of approval documentation for child welfare payments. The SABRE Project is projected to begin in October 2025.

Recommendation 3: DCFS should ensure that services, including those not addressed by the current rate-setting contract, have reasonable standard rates.

DMF is currently working with OTS to implement a change to the TIPS financial system which will update the “rate table” in TIPS to include all rates currently established by policy. Additionally, DMF is comparing all rates established in policy against the Medicaid rates and will adjust internal rates to reflect the lesser of the Medicaid rate or current rate. Our target implementation date is November 2025.

Recommendation 4: DCFS should ensure that it abides by the rates set in policy.

DCFS is revising policies related to rate setting to establish defined rates for each of the provider types. As mentioned in the response to Recommendation 3, DCFS will ensure adherence to established rates outlined in policy by updating the rate table in TIPS to restrict the payable rates to those established in policy. Our target implementation date is November 2025.

Recommendation 5: DCFS should either update TIPS or build controls in a new system to require the number of service hours for services that are paid by the hour, such as using the Service Units field to denote the number of service hours.

DMF is currently working with OTS to implement a change to the TIPS financial system which will require that the service unit field be completed on all payable screens. By requiring this field, the payable amount for all transactions will be calculated based on the [Number of Service Units] x [Allowable Rate]. Our target implementation date is December 2025.

Recommendation 6: DCFS should code maximum standard rates into TIPS or a new system for all services based on rates set in policy, such as rates for in-home sitters and restrictive staffing services.

Please see the response to Recommendations 3, 4 and 5.



Recommendation 7: DCFS should either create controls in TIPS or build controls into a new system to verify that policy requirements are met, such as clients with hospital sitter services are in the hospital and that in-home sitters are certified or have a service agreement.

DMF is currently working with OTS to implement a change to the TIPS financial system which will verify that the Major/Minor code used on the transaction is allowable for the placement type on the date of service. Our target implementation date is January 2026.

Please advise if additional clarification or information is needed.

Sincerely,



Rebecca Harris
Secretary

cc: Bret Hanemann, Assistant Secretary of Child Welfare
Christopher Bahm, Undersecretary
Amy Richard Easley, Executive Counsel



Agency: Department of Children and Family Services

Audit Title: Child Welfare Payments

Audit Report Number: 40240030

Instructions to Audited Agency: Please fill in the information below for each recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

Finding 1: DCFS could strengthen controls over processing manual payments by requiring approval from staff at a level higher than the supervisor.	
<i>Recommendation 1:</i> DCFS should require that manual payments be approved at a level higher than a supervisor level.	
Does Agency Agree with Recommendation?	X Agree <input type="checkbox"/> Disagree
Agency Contact Responsible for Recommendation:	
<i>Name/Title:</i> Bret Hanemann	
<i>Address:</i> 627 N. 4th Street	
<i>City, State, Zip:</i> Baton Rouge, LA 70802	
<i>Phone Number:</i> 504-439-1775	
<i>Email:</i> bret.hanemann.dcf@la.gov	

Finding 2: DCFS could strengthen its retention of payment approval documentation to support child welfare payments.	
<i>Recommendation 2:</i> DCFS should ensure that it maintains approval documentation to support child welfare payments.	
Does Agency Agree with Recommendation?	X Agree <input type="checkbox"/> Disagree
Agency Contact Responsible for Recommendation:	
<i>Name/Title:</i> Bret Hanemann	
<i>Address:</i> 627 N. 4th Street	
<i>City, State, Zip:</i> Baton Rouge, LA 70802	
<i>Phone Number:</i> 504-439-1775	
<i>Email:</i> bret.hanemann.dcf@la.gov	

Finding 3: While standard rates may not be applicable to all types of services, DCFS could strengthen controls over child welfare payments by ensuring most services have standard rates, that these rates are reasonable, and that services provided meet these rates.
<i>Recommendation 3:</i> DCFS should ensure that services, including those not addressed by the current rate-setting contract, have reasonable standard rates.
Does Agency Agree with Recommendation? X Agree <input type="checkbox"/> Disagree
Agency Contact Responsible for Recommendation:
<i>Name/Title: Bret Hanemann</i>
<i>Address: 627 N. 4th Street</i>
<i>City, State, Zip: Baton Rouge, LA 70802</i>
<i>Phone Number: 504-439-1775</i>
<i>Email: bret.hanemann.dcfs@la.gov</i>
<i>Recommendation 4:</i> DCFS should ensure that it abides by the rates set in policy.
Does Agency Agree with Recommendation? X Agree <input type="checkbox"/> Disagree
Agency Contact Responsible for Recommendation:
<i>Name/Title: Lea Goodwin</i>
<i>Address: 627 N. 4th Street,</i>
<i>City, State, Zip: Baton Rouge, LA 70802</i>
<i>Phone Number: (225) 342-3916</i>
<i>Email: Lea.Goodwin.DCFS@LA.GOV</i>

Finding 4: DCFS could create additional automatic controls in the TIPS system to help prevent incorrect payments, such as capturing the number of service hours and requiring more rates to be coded into TIPS.
<i>Recommendation 5:</i> DCFS should either update TIPS or build controls in a new system to require the number of service hours for services that are paid by the hour, such as using the Service Units field to denote the number of service hours.
Does Agency Agree with Recommendation? X Agree <input type="checkbox"/> Disagree
Agency Contact Responsible for Recommendation:
<i>Name/Title: Lea Goodwin</i>
<i>Address: 627 N. 4th Street,</i>
<i>City, State, Zip: Baton Rouge, LA 70802</i>
<i>Phone Number: (225) 342-3916</i>
<i>Email: Lea.Goodwin.DCFS@LA.GOV</i>
<i>Recommendation 6:</i> DCFS should code maximum standard rates into TIPS or a new system for all services based on rates set in policy, such as rates for in-home sitters and restrictive staffing services.
Does Agency Agree with Recommendation? X Agree <input type="checkbox"/> Disagree
Agency Contact Responsible for Recommendation:
<i>Name/Title: Lea Goodwin</i>

<i>Address: 627 N. 4th Street,</i>	
<i>City, State, Zip: Baton Rouge, LA 70802</i>	
<i>Phone Number: (225) 342-3916</i>	
<i>Email: Lea.Goodwin.DCFS@LA.GOV</i>	
<i>Recommendation 7: DCFS should either create controls in TIPS or build controls into a new system to verify that policy requirements are met, such as clients with hospital sitter services are in the hospital and that in-home sitters are certified or have a service agreement.</i>	
Does Agency Agree with Recommendation? X Agree <input type="checkbox"/> Disagree	
Agency Contact Responsible for Recommendation:	
<i>Name/Title: Lea Goodwin</i>	
<i>Address: 627 N. 4th Street,</i>	
<i>City, State, Zip: Baton Rouge, LA 70802</i>	
<i>Phone Number: (225) 342-3916</i>	
<i>Email: Lea.Goodwin.DCFS@LA.GOV</i>	

APPENDIX B: SCOPE AND METHODOLOGY

This report provides information on how the Department of Children and Family Services (DCFS) could strengthen controls over payments it made for child welfare services. Our analysis covered July 2020 through December 2024. Our objective for this review was:

To provide information on how DCFS could strengthen controls over child welfare payments.

Informational reports are intended to provide more timely information than standards-based performance audits. While these informational reports do not follow *Government Auditing Standards*, we conduct quality assurance activities to ensure the information presented is accurate. We incorporated DCFS's feedback throughout this report.

To answer our objective, we performed the following:

- Obtained and reviewed DCFS policies regarding child welfare payments.
- Met with DCFS staff to understand the payment processes.
- Obtained a SQL backup of the Tracking, Information, and Payment System (TIPS) data system in order to analyze payments, including overall statistics, trends, and high-risk payments.
- Obtained supporting documentation from DCFS for 36 TIPS payments that we judgmentally selected based on our data analyses. We selected these 36 to include a selection of high-risk payments we identified. We included payment records for hospital and in-home sitters, potential duplicate payments, records with no client identification number, manual payments, and transportation payments.
- Obtained and reviewed recent audits related to TIPS payments performed by LLA financial auditors and DCFS internal auditors.
- Reviewed standard rates for Medicaid Non-Emergency Medical Transportation and Non-Emergency Ambulance Transportation.
- Discussed and provided our results to DCFS management and incorporated edits throughout.

APPENDIX C: TOTAL PAYMENTS AND NUMBER OF CLIENTS PER CHILD WELFARE PROGRAM

Total Payments by Child Welfare Program Fiscal Years 2021 through 2024						
Program	FY21	FY22	FY23	FY24	Total	Percent Change
ADOPTION	\$37,443,583	\$46,092,369	\$46,843,016	\$46,846,941	\$177,225,909	25.1%
CHILD PROTECTION INVESTIGATION	\$516,239	\$529,123	\$572,922	\$729,184	\$2,347,468	41.2%
DAY CARE	\$3,888,972	\$4,382,727	\$8,079,903	\$12,397,468	\$28,749,070	218.8%
EXTENDED FOSTER CARE	\$2,174,463	\$3,615,349	\$2,359,837	\$2,362,142	\$10,511,791	8.6%
FAMILY SERVICES	\$306,926	\$298,385	\$280,137	\$387,794	\$1,273,242	26.3%
FOSTER CARE	\$34,072,798	\$37,992,659	\$47,641,984	\$56,076,914	\$175,784,355	64.6%
GUARDIANSHIP SUBSIDY	\$2,092,175	\$3,374,982	\$3,922,357	\$4,569,548	\$13,959,062	118.4%
SERVICE TO PARENTS	\$411,701	\$393,597	\$464,471	\$748,890	\$2,018,659	81.9%
Total	\$80,906,857	\$96,679,191	\$110,164,627	\$124,118,881	\$411,869,556	53.4%
Source: Prepared by legislative auditor's staff using TIPS data.						

Number of Clients* Per Child Welfare Program Fiscal Years 2021 through 2024						
Program	FY21	FY22	FY23	FY24	Total	Percent Change
ADOPTION	8,102	8,209	8,291	8,264	32,866	2.0%
CHILD PROTECTION INVESTIGATION	5,727	5,978	6,544	5,599	23,848	-2.2%
DAY CARE	1,528	1,375	2,029	2,784	7,716	82.2%
EXTENDED FOSTER CARE	288	340	292	298	1,218	3.5%
FAMILY SERVICES	1,449	1,368	1,407	1,321	5,545	-8.8%
FOSTER CARE	5,433	5,435	6,413	6,445	23,726	18.6%
GUARDIANSHIP SUBSIDY	545	672	784	906	2,907	66.2%
SERVICE TO PARENTS	1,711	1,672	1,868	2,122	7,373	24.0%
Total	24,783	25,049	27,628	27,739	105,199	11.9%
*The number of clients in this exhibit is not a unique count of individuals as some clients were served by multiple programs. Source: Prepared by legislative auditor's staff using TIPS data.						

APPENDIX D: EXAMPLES OF HOSPITAL SITTER AND IN-HOME SITTER PAYMENTS

Examples of Hospital Sitter and In-Home Sitter Payments by Per Day Amount* July 2020 through December 2024				
Minor Service Type	Provider Name	Number of Service Days	Total Payment	Estimated Payment Per Day
HOSPITAL SITTER	A-1 ABSOLUTE BEST CARE LLC	31	\$38,130	\$1,230
HOSPITAL SITTER	A-1 ABSOLUTE BEST CARE LLC	30	\$29,100	\$970
HOSPITAL SITTER	A-1 ABSOLUTE BEST CARE LLC	31	\$24,030	\$775
HOSPITAL SITTER	A-1 ABSOLUTE BEST CARE LLC	30	\$20,200	\$673
HOSPITAL SITTER	A-1 ABSOLUTE BEST CARE LLC	31	\$19,530	\$630
HOSPITAL SITTER	A-1 ABSOLUTE BEST CARE LLC	31	\$19,530	\$630
HOSPITAL SITTER	KATIE ELDER'S SITTING SERVICE	31	\$16,920	\$546
HOSPITAL SITTER	KATIE ELDER'S SITTING SERVICE	31	\$13,536	\$437
HOSPITAL SITTER	KATIE ELDER'S SITTING SERVICE	31	\$12,960	\$418
HOSPITAL SITTER	QUALITY HEALTH HOME CARE LLC	30	\$2,520	\$84
IN-HOME SITTER	FAMILY HELPERS OF GREATER N.O.	31	\$40,460	\$1,305
IN-HOME SITTER	FAMILY HELPERS OF GREATER N.O.	31	\$40,060	\$1,292
IN-HOME SITTER	FAMILY HELPERS OF GREATER N.O.	31	\$39,460	\$1,273
IN-HOME SITTER	FAMILY HELPERS OF GREATER N.O.	30	\$38,170	\$1,272
IN-HOME SITTER	A-1 ABSOLUTE BEST CARE LLC	31	\$38,130	\$1,230
IN-HOME SITTER	A-1 ABSOLUTE BEST CARE LLC	31	\$38,130	\$1,230
IN-HOME SITTER	A-1 ABSOLUTE BEST CARE LLC	31	\$38,130	\$1,230
IN-HOME SITTER	FAMILY HELPERS OF GREATER N.O.	30	\$21,800	\$727
IN-HOME SITTER	A-1 ABSOLUTE BEST CARE LLC	31	\$19,530	\$630
IN-HOME SITTER	A-1 ABSOLUTE BEST CARE LLC	31	\$19,530	\$630
*Examples of hospital and in-home sitter payments for one month of services and estimated at 24-hour per day coverage.				
Source: Prepared by legislative auditor's staff using TIPS data.				

APPENDIX E: TEN HIGHEST PER DAY TRANSPORTATION PAYMENTS

Ten Highest Transportation Payments* by Per Day Amount July 2020 through December 2024			
Minor Service	Provider	Number of Service Days	Total Payment
CLIENT ADMINISTRATIVE	RELIANT ON CALL LLC	1	\$8,851
CLIENT VISITATION (MAINTENANCE)	RELIANT ON CALL LLC	1	\$3,740
CLIENT ADMINISTRATIVE	RELIANT ON CALL LLC	1	\$3,397
CLIENT ADMINISTRATIVE	RELIANT ON CALL LLC	1	\$3,305
CLIENT ADMINISTRATIVE	GO RIDE LLC	1	\$3,000
CLIENT ADMINISTRATIVE	RELIANT ON CALL LLC	1	\$2,615
CLIENT VISITATION (MAINTENANCE)	GO RIDE LLC	1	\$2,585
CLIENT VISITATION (MAINTENANCE)	HAMMOND MEDICAL TRANSPORTATION	1	\$2,518
CLIENT ADMINISTRATIVE	JIM STEWART TRANSPORTATION LLC	1	\$2,511
CLIENT ADMINISTRATIVE	GO RIDE LLC	1	\$2,340
*Not including crisis transportation and out-of-state travel Source: Prepared by legislative auditor's staff using TIPS data.			