

An Agreed-Upon Procedures Report on the  
**LOUISIANA LAND TRUST**  
**HOME DEMOLITION PROGRAM**  
Issued November 14, 2012



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## EXECUTIVE SUMMARY

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We performed agreed-upon procedures to assist the Louisiana Land Trust (LLT) in evaluating the completeness and accuracy of documentation submitted by LLT's contractor for payment under the Home Demolition Program.

For the period July 1, 2011, through June 30, 2012, we analyzed labor invoices of \$5,709,014 and lab cost invoices of \$200,720 for a total of \$5,909,734. We noted exceptions totaling \$18,543, including \$16,443 for labor charges and \$2,100 for lab costs. During the application of our procedures, the contractor submitted additional documentation to resolve \$10,642 of the exceptions and issued credits to resolve \$4,840 of the exceptions, while LLT withheld payment from the contractor to resolve \$2,389 of the exceptions. The remaining unresolved exceptions total \$672.

In addition, we analyzed contractor invoices submitted to LLT by St. Bernard Parish for the demolition of homes in the parish. These invoices totaled \$642,081, including \$33,410 for labor charges and \$608,671 for unit costs. We noted exceptions totaling \$45. During the application of our procedures, the contractor submitted additional information to resolve \$18 of the exceptions and LLT did not pay \$27 to the contractor. There are no remaining unresolved exceptions.



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

October 18, 2012

Independent Accountant's Report on the  
Application of Agreed-Upon Procedures

**MR. MIKE TAYLOR, EXECUTIVE DIRECTOR**  
**LOUISIANA LAND TRUST**  
Baton Rouge, Louisiana

We performed the procedures enumerated below, which were agreed to by the Louisiana Land Trust (LLT) management, solely to assist LLT management in evaluating the completeness and accuracy of documentation submitted by LLT's contractor for payment under the Home Demolition Program during the period July 1, 2011, through June 30, 2012. LLT management is responsible for the day-to-day operations of the Home Demolition Program.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the applicable attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of LLT management. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

A summary of the exceptions noted during our analysis of the labor and lab cost invoices is as follows:

Exception Type	Exception Amount	Amount Resolved	Credits	Did Not Pay	Remaining Exceptions
<b>Labor</b>					
Over Billed	\$21	\$0	(\$21)	\$0	\$0
Insufficient Documentation	8,222	(6,080)	(600)	(870)	672
Non-LLT Address	5,276	(2,482)	(1,275)	(1,519)	0
Work Outside Invoice Period	2,924	0	(2,924)	0	0
<b>Labor Subtotal</b>	<b>16,443</b>	<b>(8,562)</b>	<b>(4,820)</b>	<b>(2,389)</b>	<b>672</b>

Exception Type	Exception Amount	Amount Resolved	Credits	Did Not Pay	Remaining Exceptions
<b>Lab Costs</b>					
Over Billed	\$20	\$0	(\$20)	\$0	\$0
Insufficient Documentation	2080	(2080)	0	0	0
<b>Lab Costs Subtotal</b>	<b>2,100</b>	<b>(2,080)</b>	<b>(20)</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>\$18,543</b>	<b>(\$10,642)</b>	<b>(\$4,840)</b>	<b>(\$2,389)</b>	<b>\$672</b>

## Background

LLT is a nonprofit organization formed by the State of Louisiana. Its purpose is to manage the properties the state purchased through the Road Home program. LLT has broad powers to (1) receive and dispose of the properties; (2) accept funds from any sources; (3) borrow against properties in inventory; (4) obtain payment for those obligations; and (5) enter into any and all agreements necessary to carry out its mission.

LLT contracted with Camp Dresser and McKee Inc., (CDM) effective February 10, 2009, to provide program management and oversight of the LLT Home Demolition Program for approximately 5,800 properties. In support of this effort, CDM (1) provided quality home demolition management and oversight of the LLT Home Demolition Program; (2) provided review of environmental clearances on each property to be demolished; (3) developed a work plan with protocols and timelines; and (4) developed a quality control plan. The contract expired on January 6, 2012.

LLT contracted with CDM Smith Inc., effective December 22, 2011, to continue program management and oversight of the LLT Home Demolition Program and to provide program management and oversight of the St. Bernard Slab Demolition Program for approximately 3,500 properties. In support of this effort, CDM Smith (1) procures demolition contractors on behalf of LLT; (2) provides oversight and monitoring of contractors' operations; (3) coordinates environmental services and management of the related permit process; and (4) provides related services as required by LLT in support of its programs.

## Procedures and Findings

**Procedure:** For a sample of labor charges, we compared the labor rates billed to the labor rates specified in the contract.

**Finding:** During the period, LLT's contractor submitted labor invoices totaling \$5,709,014. All labor costs were billed in accordance with the rates specified in the contract.

**Procedure:** For a sample of labor charges, we analyzed the time sheets, daily logs, and other documentation provided to verify that the charges are supported with sufficient documentation.

**Finding:** Of the \$5,709,014 billed for labor, the contractor over billed \$21 based on supporting documentation provided and did not provide sufficient documentation to support \$8,222 of the labor charges billed. After our initial review, the contractor issued credits of \$621 and provided additional documentation to support \$6,080 of the exceptions. In addition, LLT withheld payment from the contractor to resolve \$870 of the exceptions. The remaining unresolved exceptions total \$672.

**Procedure:** For a sample of labor charges, we compared the street addresses worked to LLT's property list to verify that the street addresses are LLT properties.

**Finding:** Of the \$5,709,014 billed for labor, the contractor billed \$5,276 for work performed at addresses that were not listed in the LLT property databases. After our initial review, the contractor issued credits of \$1,275 and provided additional documentation to support \$2,482 of the exceptions. In addition, LLT withheld payment from the contractor to resolve \$1,519 of the exceptions. There are no remaining unresolved exceptions.

Also, the contractor billed \$2,924 for work performed outside the invoice period. After our initial review, the contractor issued credits to resolve all of the exceptions.

**Procedure:** For a sample of lab costs, we compared the unit costs billed to unit costs specified in the contract.

**Finding:** During the period, LLT's contractor submitted lab invoices totaling \$200,720. All lab costs were billed in accordance with the rates specified in the contract.

**Procedure:** For a sample of lab costs, we analyzed the lab reports and other documentation provided to verify that the costs are supported with sufficient documentation.

**Finding:** Of the \$200,720 billed for lab costs, the contractor over billed \$20 based on the supporting documentation provided and did not provide sufficient documentation to support \$2,080 of the lab costs billed. After our initial review, the contractor issued credits of \$20 and provided additional documentation to support \$2,080 of the exceptions. There are no remaining unresolved exceptions.

## Additional Information

During this reporting period, LLT's contractor for the Home Demolition Program submitted additional information and issued credits to resolve \$26,692 of \$34,003 in exceptions that were initially reported in a prior period. LLT withheld payment from the contractor to resolve the remaining \$7,311 in prior period exceptions.

### St. Bernard Parish

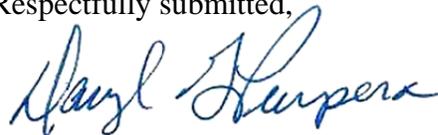
In addition to the invoices submitted by LLT's contractor for the Home Demolition Program, LLT officials asked us to analyze St. Bernard Parish's home demolition contractor invoices that were submitted to LLT for payment. These invoices totaled \$642,081 including \$33,410 for labor charges and \$608,671 for unit costs. We noted exceptions totaling \$45. After our initial review, the contractor submitted additional information to resolve \$18 of the exceptions. Also, LLT withheld payment to resolve \$27 of the exceptions.

In the prior period, we also noted exceptions totaling \$86,455 as a result of our review of the invoices St. Bernard Parish's contractor submitted to LLT for payment. During the current reporting period, the contractor provided additional information and issued refunds to resolve all prior period exceptions.

We were not engaged to and did not conduct an examination, the objective of which would be to express an opinion on LLT's compliance with federal and state regulations, internal control over compliance with federal and state regulations, or financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

This report is intended solely for the information and use of LLT management and the Louisiana Legislature and is not intended to be and should not be used by anyone other than those parties. However, by provision of state law, this report is a public document and has been distributed to the appropriate public officials.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

SF:SD:JM:ch

LLT 2012

## Appendix A

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### Management's Response



LOUISIANA LAND TRUST

**MICHAEL TAYLOR**  
EXECUTIVE DIRECTOR

**RAYMOND ALLEN**  
DEPUTY EXECUTIVE DIRECTOR

November 1, 2012

Mr. Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
Office of the Louisiana Legislative Auditor  
1600 N. Third St.  
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RE: Agreed-Upon Procedures

Dear Mr. Purpera:

The Road Home Corporation dba Louisiana Land Trust (LLT) has enjoyed working with the Legislative Auditors and appreciates the time and effort dedicated to producing this report. The information provided by the Legislative Auditors and their staff during this engagement has been invaluable and certainly has contributed to the financial success of LLT's program. We will make every effort to utilize it to improve both our operations and internal controls.

During the engagement (July 1, 2011 – June 30, 2012), the LLA has reviewed \$5,909,734 of vendor invoices including \$5,709,014 of labor charges and 200,720 of lab invoices. Of these, staff noted \$18,543 of exceptions of which \$17,871 has been cleared with additional documentation, credit advices or amounts disallowed by LLT. The remaining \$672 represents a labor charge that was incorrectly billed under the Non-LLT Slab Demolition program when it should have been billed under the regular LLT Demolition Program. The LLT staff has worked with the vendor and has received corrected invoices. We believe this will close out all exceptions for the period covered under this report.

Again, we appreciate the time and effort provided by the Legislative Auditors and look forward to their continued support.

Sincerely,

  
Michael B. Taylor  
Executive Director

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