

An Agreed-Upon Procedures Report on the
**GOVERNOR'S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
HAZARD MITIGATION PROGRAM
JULY 2014 - DECEMBER 2014**
April 29, 2015



INSIDE

- 1 INDEPENDENT ACCOUNTANT'S REPORT
- 4 BACKGROUND
- 5 MANAGEMENT'S RESPONSE

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

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

ASSISTANT LEGISLATIVE AUDITOR
FOR STATE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

DIRECTOR OF RECOVERY ASSISTANCE
JOHN L. MOREHEAD, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor.

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. One copy of this public document was produced at an approximate cost of \$0.40. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.gov. When contacting the office, you may refer to Agency ID No. 7430 or Report ID No. 52140015 for additional information.

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 Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

April 2, 2015

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

MR. KEVIN DAVIS, DIRECTOR
GOVERNOR'S OFFICE OF HOMELAND
SECURITY AND EMERGENCY PREPAREDNESS
Baton Rouge, Louisiana

We performed the procedures described on the following pages for the period July 1, 2014, through December 31, 2014, which were requested and agreed to by management of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), solely to assist you in evaluating the completeness and accuracy of documentation submitted by sub-grantees under the Hazard Mitigation (HM) program. GOHSEP management is responsible for the completeness and accuracy of documentation submitted by sub-grantees of the HM 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 GOHSEP 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.

OVERALL RESULTS

For the period July 1, 2014, through December 31, 2014, we analyzed 543 reimbursement requests totaling \$37,537,651 along with supporting documentation to confirm that the reimbursement requests complied with federal and state guidelines and were sufficiently documented. We also analyzed 292 requests totaling \$7,804,482 that were analyzed in a prior period and were resubmitted by GOHSEP for subsequent analyses.¹

¹ Re-reviews of reimbursement requests that were returned to GOHSEP disaster recovery specialists because of some deficiency in documentation identified by our review.

PROCEDURES AND FINDINGS

PROCEDURE: We confirmed that the work reflected in the reimbursement request is within the scope approved for the project and that the requested amount does not exceed the funding parameters.

FINDING: As a result of this procedure, we identified 32 reimbursement requests where \$322,920 of work was not within the approved scope of the project. Our subsequent analysis of three of those requests noted that the sub-grantees provided approved amended scopes of work to support \$79,156 (25%) of the \$322,920.

In addition, through our subsequent analyses of one request initially analyzed in a prior period, we found that the sub-grantees provided sufficient documentation to support \$20,700 of the previously noted unsupported costs.

PROCEDURE: We confirmed that the requested amount is supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, HUD settlement statements, appraisals, elevation certificates, duplication of benefits verifications, engineer plans, inspection photographs, or other applicable documentation.

FINDING: As a result of this procedure, we identified 242 reimbursement requests where \$17,549,789 was not supported by sufficient documentation.

Our subsequent analyses of 101 of those requests noted that either the requested amount was reduced or the sub-grantees provided sufficient documentation to support \$5,797,474 (33%) of the \$17,549,789.

In addition, through our subsequent analyses of 185 requests initially analyzed in a prior period, we found that the sub-grantees provided sufficient documentation to support \$4,705,916 of the previously noted unsupported costs. However, our subsequent analyses of the additional documentation revealed additional unsupported costs of \$342,672.

PROCEDURE: We confirmed that contracts and purchases totaling more than \$10,000 per vendor per calendar year comply with applicable federal and state procurement requirements.

FINDING: As a result of this procedure, we identified 11 reimbursement requests where we could not confirm if applicable procurement guidelines had been followed for purchases totaling \$5,168,452.

Our subsequent analyses of one of the 11 requests noted that either the requested amount was reduced or the sub-grantees provided sufficient documentation to support \$2,133,688 (41%) of the \$5,168,452.

In addition, our subsequent analyses of three requests initially analyzed in a prior period found that the sub-grantees provided sufficient procurement documentation to support \$76,120 of the previously noted exceptions. However, our subsequent analyses of additional documentation revealed additional unsupported costs of \$49,041.

PROCEDURE: We confirmed that the work reflected in the reimbursement request complies with applicable FEMA regulations and guidance.

FINDING: We did not note any exceptions as a result of this procedure.

PROCEDURE: We confirmed that the Request for Advance or Reimbursement (SF 270) is mathematically accurate.

FINDING: We did not note any exceptions as a result of this procedure.

We were not engaged to and did not conduct an examination, the objective of which would be to express an opinion on documentation submitted by sub-grantees to support reimbursement of expenses eligible for funding through the HM programs or on GOHSEP's compliance with 44 Code of Federal Regulation parts 13 and 206. 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 GOHSEP 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

DGP/aa

BACKGROUND

GOHSEP's documentation review process begins when sub-grantees submit reimbursement requests and supporting documentation. GOHSEP disaster recovery specialists review the requests and gather any additional documentation deemed necessary to fully support them. The disaster recovery specialists document the results of their reviews on requests for advance or reimbursement and then submit the forms and all supporting documentation to their team leads. After the team leads review the requests for advance or reimbursement and all supporting documentation, they submit them to the Louisiana Legislative Auditor's (LLA) document review team to be reviewed under our agreed-upon procedures engagement.

LLA analyzes the requests and supporting documentation to confirm the completeness and accuracy of documentation submitted by sub-grantees under the Hazard Mitigation program. Unsupported costs are considered exceptions and are reported.

LLA also documents exceptions in findings of review that are presented to GOHSEP management. When exceptions are noted, the requests and supporting documentation are returned to the GOHSEP disaster recovery specialists. GOHSEP management decides whether to correct the exceptions or fund the requests. If GOHSEP management decides to correct the exceptions, the disaster recovery specialists gather additional documentation to correct them. Then, LLA analyzes the additional documentation following the same agreed-upon procedures as the initial reviews. This process allows GOHSEP the opportunity to correct exceptions prior to final payment, thus eliminating questioned costs

Appendix A

Management's Response



BOBBY JINDAL
GOVERNOR

State of Louisiana
Governor's Office of Homeland Security
and
Emergency Preparedness

KEVIN DAVIS
DIRECTOR

April 10, 2015

Daryl Purpera, CPA, CFE
Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, Louisiana 70804-9397

RE: Draft Hazard Mitigation – Agreed Upon Procedures
Hazard Mitigation Program – July 1, 2014 through December 31st, 2014

Dear Mr. Purpera:

We have received the draft report compiled by the Legislative Auditor's Recovery Assistance Division reviewing the State's Hazard Mitigation Grant Program (HMGP) for the second half of 2014 (July 1, 2014 through December 31st, 2014).

We continue to share these reports with our management group to assist them in identifying new training opportunities for our staff. Training and education remain a top priority for GOHSEP, and these reports are instrumental in assisting us in ensuring that both internal and external stakeholders are receiving proper guidance. We would also like to note that our review process necessitates that exceptions are required to be addressed before payment or project closeout.

Your reports continue to assist us in the improvement of our processes and provide important feedback which will assist us in achieving our 100% accuracy goal.

Sincerely,

A handwritten signature in blue ink, appearing to read "Casey Tingle".

Casey Tingle
Assistant Deputy Director
Hazard Mitigation

CT:ttw