

GOVERNOR'S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS  
HAZARD MITIGATION PROGRAMS  
APRIL 2010 - JUNE 2010



AGREED-UPON PROCEDURES REPORT  
ISSUED OCTOBER 20, 2010

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We performed agreed-upon procedures to assist the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) in evaluating the completeness and accuracy of documentation submitted by sub-grantees for reimbursement under the Hazard Mitigation Grant Program (HMGP), Severe Repetitive Loss (SRL), Repetitive Flood Claims (RFC), Flood Mitigation Assistance (FMA), and Pre-Disaster Mitigation (PDM) programs, collectively referred to as Hazard Mitigation (HM) programs. For the period April 1, 2010, through June 30, 2010, we reviewed reimbursement requests totaling \$23,843,190 and noted exceptions of \$1,587,354. During the application of our procedures, GOHSEP disaster recovery specialists gathered additional documentation and information to resolve \$1,073,350 of the exceptions. The remaining unresolved exceptions total \$514,004.

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

August 25, 2010

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

**MARK A. COOPER, DIRECTOR**  
**GOVERNOR'S OFFICE OF HOMELAND**  
**SECURITY AND EMERGENCY PREPAREDNESS**  
Baton Rouge, Louisiana

We performed the procedures enumerated below under the agreed-upon procedures engagement for the Hazard Mitigation Grant, Pre-Disaster Mitigation, Flood Mitigation Assistance, Severe Repetitive Loss, and Repetitive Flood Claims programs (collectively hazard mitigation programs) for the second quarter of 2010 (April 1 through June 30), which were requested and agreed to by the Governor's Office of Homeland Security (GOHSEP) management, solely to assist you in reviewing documents submitted by sub-grantees in support of reimbursement claims. GOHSEP management is responsible for the day-to-day operations of the hazard mitigation programs. 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 management of GOHSEP. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Background**

GOHSEP's documentation review process begins when sub-grantees submit reimbursement requests and supporting documentation. 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 the reviews on expense review forms. The disaster recovery specialists then submit the expense review forms and all supporting documentation to the financial section. The financial section performs its functions and then submits the expense review forms and all supporting documentation to the Louisiana Legislative Auditor's document review team to be reviewed under our agreed-upon procedures engagement.

The document review team inspects the expense review forms and supporting documentation to identify any potential questioned costs. Unsupported costs are considered potential questioned costs and are reported. The expense review forms and supporting documentation are returned to the disaster recovery specialists for resolution when deficiencies are noted. This procedure allows GOHSEP the opportunity to correct deficiencies before final payment thus eliminating questioned costs.

GOHSEP management requires the disaster recovery specialists to resolve all deficiencies noted by the document review team before payment with very limited exception. This process reduces the risk that reimbursements will be paid that are not fully documented. Final determination of questioned costs will be made in the closeout review process.

**Hazard Mitigation Programs**

Disaster recovery specialists use expense reviews to document deficiencies in reimbursement claims submitted by sub-grantees. We inspected 172 expense reviews as prepared by the GOHSEP disaster recovery specialists totaling \$23,843,190 along with supporting documentation. The overall results of that inspection are as follows:

<b>Review Type</b>	<b>Number of Reviews</b>	<b>Value</b>	<b>Questioned Amount</b>
Initial	148	\$21,001,690	\$1,587,354
Subsequent*	24	2,841,500	
<b>Total</b>	<b>172</b>	<b>\$23,843,190</b>	<b>\$1,587,354</b>

\*Re-reviews of reimbursement requests that have been returned to GOHSEP disaster recovery specialists because of some deficiency in documentation identified by our review

We inspected the expense reviews performed by the disaster recovery specialists and the supporting documentation to confirm that the reimbursement claims were in compliance with federal and state guidelines and were properly documented. We developed findings for the 172 expense reviews inspected during this period. Each finding was presented to management.

PROCEDURE: We confirmed that the sub-grantee submitted an SF 270 (Request for Advance or Reimbursement).

FINDING: No exceptions were noted.

PROCEDURE: We reviewed the mathematical calculations performed by GOHSEP personnel for accuracy.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the calculations were in accordance with funding parameters.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the invoices, billings, photographs of work, and related items provided by the sub-grantees support the requests for reimbursement.

FINDING: As a result of our procedure, we were unable to verify that procurement, invoices, billings, or photographs of work supported the reimbursement requests for 13 reviews as follows:

- Ten initial reimbursement requests totaling \$5,440,521 lacked competitive procurement documentation or a cost analysis to support cost reasonableness for expenditures totaling \$1,561,371. After our review, GOHSEP personnel obtained sufficient documentation to support \$1,047,367 of the \$1,561,371 leaving an unsupported balance of \$514,004.
- Three initial reimbursement requests totaling \$90,833 lacked sufficient documentation to fully support the request for reimbursement for expenditures totaling \$25,983. After our review, GOHSEP personnel obtained sufficient documentation to support all \$25,983 of expenditures.

PROCEDURE: We confirmed that previous payments were listed in block 11-h on the SF 270.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed the original signatures of authorized persons on the SF 270s.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the quarterly reporting was up-to-date.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the documented expenses and project progression correspond with the performance period.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the work reflected by the documentation was within the scope approved for the grant.

FINDING: No exceptions were noted.

HAZARD MITIGATION GRANTS - SECOND QUARTER 2010 \_\_\_\_\_

PROCEDURE: We confirmed that at least one site inspection had been conducted for each project that was more than 50% complete.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that an end of performance period letter had been prepared and processed for projects ending in less than 90 days.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that a final site inspection had been conducted for each project that was 100% complete.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the finance officer entered the current payment on the federal and state declining balance Excel spreadsheet.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the finance officer entered the current payment on the mitigation payments Excel spreadsheet.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the finance officer prepared a reimbursement statement for the sub-grantee.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the finance officer prepared a transmittal for payment for the sub-grantee.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the finance officer saved the reimbursement and transmittal documents in the sub-grantee's electronic folder.

FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the finance officer placed a hard copy of the reimbursement and transmittal documents in the sub-grantee's file.

FINDING: No exceptions were noted.

**Additional Information**

GOHSEP management asked us to provide an update on the exceptions resulting from the lack of supporting documentation noted in prior period reports. The following table summarizes those exceptions.

Period	Total Exceptions	Exceptions Resolved	Remaining
2nd Qtr 08	\$1,236,049	\$105,060	\$1,130,989
2nd Qtr 09	467,564	19,368	448,196
3rd Qtr 09	3,939,854	251,798	3,688,056
4th Qtr 09	480,047	291,539	188,508
1st Qtr 10	2,952,179	1,997,132	955,047
<b>Total</b>	<b>\$9,075,693</b>	<b>\$2,664,897</b>	<b>\$6,410,796</b>

We were not engaged to and did not conduct an audit, the objective of which would be to express an opinion on GOHSEP's compliance with federal and state regulations, GOHSEP's internal control over compliance with federal and state regulations, or the fair presentation of GOHSEP's 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 GOHSEP management and is not intended to be and should not be used by anyone other than GOHSEP management. However, by provisions 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

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## Management's Response





BOBBY JINDAL  
GOVERNOR

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

MARK A. COOPER  
DIRECTOR

September 7, 2010

Mr. Daryl G. Purpera, CPA  
Legislative Auditor  
State of Louisiana  
1600 North Third Street  
Baton Rouge, LA 70804-9397

RE: Management Responses to Hazard Mitigation Grants – Second Quarter 2010 report

Dear Mr. Purpera:

I have reviewed the findings in the first quarter 2010 report, from your office, which covers activities of the Hazard Mitigation Section, Governor's Office of Homeland Security and Emergency Preparedness for January, February and March 2010.

In accordance with your guidance, we are providing management's response to the findings that were not resolved by the end of the quarter.

**Procedure: Confirm that the invoices, billings, photographs of work, et cetera, provided by the sub-grantee support the request for reimbursement.**

**Finding: In 13 reviews, we were unable to verify that invoices, billings, or photographs of work, et cetera, supported the reimbursement requests as follows.**

**Response:**

HM management concurs that at the time of this report, an unsupported balance of \$ 514,004 has been returned to the DRS, in order to obtain sufficient documentation to validate the expenses.

**Corrective Action:**

The Mitigation Section leadership continues to impress the importance of valid cost analysis for uncompetitive procurement matters. DRS' and Team Leads will provide support to the sub grantee to ensure that proper documentation of procurement or a cost analysis is performed. The emphasis is placed on providing the required documentation to demonstrate competitive procurement or a valid cost analysis that supports the sub-grantees decision regarding cost reasonableness. Additionally, focus will be placed on ensuring all proper documentation in available to support payment requests. This is the responsibility of the Disaster Recovery Specialists (DRSs) and Team Leaders and will be expressed weekly. HM management will continue to meet bi-monthly with the LLA assigned to the section to discuss findings, as they may occur. HM management will collaborate with the finance section to put in place a system

Mr. Daryl G. Purpera, CPA  
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for tracking payment request, by team and DRS, to assist in the location of deficient areas, in order to provide training to improve deficiencies. Lastly, HM management will require detailed information regarding the reviews conducted.

Sincerely,



Mark DeBosier  
Deputy Director Disaster Recovery

MD:JLG

cc: Mark Riley