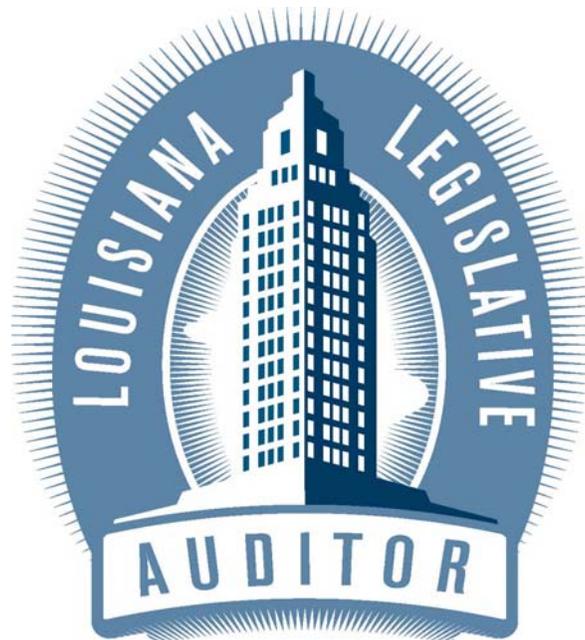


GOVERNOR'S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS  
PUBLIC ASSISTANCE PROGRAM  
HURRICANES GUSTAV AND IKE  
JULY 2009 - SEPTEMBER 2009



AGREED-UPON PROCEDURES REPORT  
ISSUED DECEMBER 23, 2009

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

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**DIRECTOR OF RECOVERY ASSISTANCE**  
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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 has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of \$17.82. 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 Web site at [www.la.la.gov](http://www.la.la.gov). When contacting the office, you may refer to Agency ID No. 7430 or Report ID No. 520900012 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 Wayne "Skip" Irwin, Administration Manager, at 225-339-3800.

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA

November 23, 2009

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 for the third quarter of 2009 (July 1, 2009 through September 30, 2009), 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 fulfilling your responsibility for administering the Public Assistance (PA) program including gathering and maintaining documents submitted by sub-grantees in support of reimbursement claims. GOHSEP management is responsible for the day-to-day operations of PA. 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.

This report is a summary of the findings that we present to GOHSEP management on a daily basis. The procedures we performed and our findings are as follows:

We reviewed 517 expense reviews totaling \$113,174,729 along with their supporting documentation as prepared by the GOHSEP disaster recovery specialists. Through the use of these reviews, disaster recovery specialists document their findings of the reimbursement claims submitted by sub-grantees. For all large projects [as defined in 44 CFR 206.203(c)(1)], we analyzed the expense reviews and the supporting documentation to confirm that the reimbursement claims are in compliance with federal and state guidelines and properly documented.

We developed findings of review for each of the 517 expense reviews analyzed during this period. Each finding was presented to management to keep them informed of our concerns.

Procedure

When the work undertaken by the sub-grantee was accomplished through the use of contractors, confirm that:

- (1) the documentation provided in the sub-grantees' reimbursement requests is for work contained in the scope of work for that project;
- (2) line items and/or project cost over-runs that are within the scope of the project worksheets have been identified;
- (3) costs listed on the contract summaries are supported with invoices, receipts, lease agreements, and/or contracts; and
- (4) each contract was procured in accordance with federal and/or state laws.

Finding

We identified 151 expense reviews where the work was accomplished by a contractor. On those reviews, the disaster recovery specialists indicated total documented expenses of \$89,983,158. We did not detect deficiencies in 115 of the 151 expense reviews. However, we noted deficiencies in 36 expense reviews containing documented expenses totaling \$36,726,770. When deficiencies were noted, the expense reviews and the supporting documentation were returned to the disaster recovery specialists for additional information or further clarification.

Thirty-five of the deficiencies noted related directly to:

- (1) work outside the scope of work listed for projects;
- (2) line items or project cost over-runs within the scope of work that were not identified;
- (3) costs listed on the contract summaries that lacked documentation; or
- (4) contracts that were not procured in accordance with federal and/or state laws.

These deficiencies, had they not been detected, could have resulted in questioned costs totaling \$16,561,031 (14.63% of the total amount reviewed or 18.4% of the documented expenses for this category). The deficiencies detected in the remaining expense review related to effective writing/communication which would not have resulted in any questioned costs.

Procedure

When the work undertaken by the sub-grantee was accomplished through the use of the sub-grantees' equipment, confirm that:

- (1) the documentation provided in the sub-grantees' reimbursement requests is for work contained in the scope of work for that project;
- (2) the line items and/or project cost over-runs that are within the scope of the project worksheets have been identified;
- (3) an operator is listed for each piece of equipment listed on the force account equipment summaries;
- (4) equipment hours claimed on the force account equipment summaries agree with the employee hours claimed on the force account labor summaries; and
- (5) the equipment rate used in calculating the reimbursement amount is in accordance with the FEMA equipment rate schedule or a locally adopted and approved equipment rate schedule.

Finding

We identified 88 expense reviews where the work was accomplished by using the sub-grantees' equipment. On those reviews, the disaster recovery specialists indicated total documented expenses of \$4,261,520. We did not detect deficiencies in 68 of the 88 expense reviews. However, we noted deficiencies in 20 expense reviews containing documented expenses totaling \$1,043,136. When deficiencies were noted, the expense reviews and the supporting documentation were returned to the disaster recovery specialists for additional information or further clarification.

The 20 deficiencies noted related directly to:

- (1) work outside the scope of work listed for projects;
- (2) line items or project cost over-runs within the scope of work that were not identified;
- (3) operators not being listed for equipment listed on the equipment summaries;
- (4) equipment hours listed on equipment summaries that do not agree with the employee hours claimed on labor summaries; or
- (5) equipment rates used in calculating the reimbursement amount that are not in accordance with the FEMA rate schedule or locally adopted and approved rate schedules.

These deficiencies, had they not been detected, could have resulted in questioned costs totaling \$90,880 (0.08% of the total amount reviewed or 2.1% of the documented expenses for this category).

#### Procedure

When the work undertaken by the sub-grantees was accomplished through the use of the sub-grantees' employees, confirm that:

- (1) the documentation provided in the sub-grantees' reimbursement requests is for work contained in the scope of work for that project worksheet;
- (2) the line items and/or project cost over-runs that are within the scope of the project worksheets have been identified;
- (3) there is a disaster related job description for each employee listed on the force account labor summaries;
- (4) the employee hours listed on the force account labor summaries are in accordance with the sub-grantees' overtime policies and that only hours spent conducting work that was a direct result of the disaster are claimed for reimbursement; and
- (5) the fringe benefit calculations prepared by the sub-grantees include only eligible elements and are mathematically accurate.

#### Finding

We identified 145 expense reviews where the work was accomplished using the sub-grantees' employees. On those reviews, the disaster recovery specialists indicated total documented expenses of \$11,528,856. We did not detect deficiencies in 115 of the 145 expense reviews. However, we noted deficiencies in 30 expense reviews containing documented expenses totaling \$1,836,954. When deficiencies were noted, the expense reviews and the supporting documentation were returned to the disaster recovery specialists for additional information or further clarification.

Twenty-seven of the deficiencies noted related directly to:

- (1) work outside the scope of work listed for projects;
- (2) line items or project cost over-runs within the scope of work that were not identified;
- (3) disaster related job descriptions for each employee that were not listed on the labor summaries;
- (4) employee hours listed on labor summaries that do not agree with sub-grantees' overtime policies or were not for disaster related work; or

- (5) the fringe benefit calculation containing ineligible items or mathematical inaccuracies.

These deficiencies, had they not been detected, could have resulted in questioned costs totaling \$386,338 (0.34% of the total amount reviewed or 3.4% of the documented expenses for this category). The deficiencies detected in the remaining three expense reviews related to effective writing/communication which would not have resulted in any questioned costs.

#### Procedure

When the sub-grantees purchased or used materials from inventory to accomplish the work detailed in the scope of the project worksheets, confirm that:

- (1) the documentation provided in the sub-grantees' reimbursement requests is for work contained in the scope of work for that project;
- (2) the line items and/or project cost over-runs that are within the scope of the project worksheets have been identified;
- (3) the costs listed on the material summaries are supported with invoices, receipts, lease agreements, and/or contracts; and
- (4) the materials were procured in accordance with federal and/or state laws.

#### Finding

We identified 104 expense reviews where the sub-grantees used materials from inventory or purchased materials to accomplish the work. On those reviews, the disaster recovery specialists indicated total documented expenses of \$6,319,870. We did not detect deficiencies in 93 of the 104 expense reviews. However, we noted deficiencies in 11 of the expense reviews containing documented expenses totaling \$210,621. When deficiencies were noted, the expense reviews and the supporting documentation were returned to the disaster recovery specialists for additional information or further clarification.

The 11 deficiencies noted related directly to:

- (1) work outside the scope of work listed for projects;
- (2) line items or project cost over-runs within the scope of work that were not identified;
- (3) costs listed on material summaries that were not supported by documentation; or
- (4) the materials were not procured in accordance with federal and/or state laws.

These deficiencies, had they not been detected, could have resulted in questioned costs totaling \$120,239 (0.11% of the total amount reviewed or 1.9% of the documented expenses for this category).

#### Procedure

When the work undertaken by the sub-grantees was accomplished through the use of rented equipment, confirm that:

- (1) the documentation provided in the sub-grantees' reimbursement requests is for work contained in the scope of work for that project;
- (2) the line items and/or project cost over-runs that are within the scope of the project worksheets have been identified;
- (3) the costs listed on the rented equipment summaries are supported with invoices, receipts, lease agreements, and/or contracts; and
- (4) the equipment was procured in accordance with federal and/or state laws.

#### Finding

We identified 29 expense reviews that contained total documented expenses of \$1,081,326 where rented equipment was used to accomplish the work. Through our analysis, we did not detect deficiencies in 27 of the expense reviews. However, we noted deficiencies in two expense reviews containing documented expenses totaling \$107,258. When deficiencies were noted, the expense reviews and the supporting documentation were returned to the disaster recovery specialists for additional information or further clarification.

The two deficiencies noted related directly to:

- (1) costs listed on rental equipment summaries that were not supported by documentation; or
- (2) the rented equipment was not procured in accordance with federal and/or state laws.

These deficiencies, had they not been detected, could have resulted in questioned costs totaling \$70.

Procedure

Confirm that the certification documents are dated on or after the creation of the project worksheets or that the applicant and GOHSEP have entered into a Memorandum of Understanding.

Finding

We reviewed the reimbursement requests included in 285 expense review form packages. We confirmed that 285 packages had certification documentation dated after the creation of the project worksheet and that the applicant and GOHSEP have entered into a Memorandum of Understanding.

We were not engaged to and did not conduct an examination, 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 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. 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  
Temporary Legislative Auditor

JLS:JLM:sr

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## Management's Response





**BOBBY JINDAL**  
GOVERNOR

**State of Louisiana**  
Governor's Office of Homeland Security  
and

**MARK A. COOPER**  
DIRECTOR

December 7, 2009

**Emergency Preparedness**

Steve J. Theriot, CPA  
Legislative Auditor  
State of Louisiana  
1600 North Third Street  
Baton Rouge, Louisiana 70804-9397

RE: Draft Public Assistance Division Quarterly Report  
Third Quarter, Hurricanes Gustav and Ike

Dear Mr. Theriot:

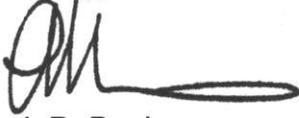
We have received the draft report compiled by the Legislative Auditor's Recovery Assistance Division reviewing the State's Public Assistance (PA) program for Hurricanes Gustav and Ike for the third quarter of 2009 (July 1, 2009 through September 30, 2009). We concur in the findings as identified in the report and note the continued improvement in the process.

Please refer to management comments made in the response to the attendant review by the LLA of the Public Assistance program as applied to Hurricanes Katrina and Rita. During the exit conference for the subject quarterly review, LLA staff identified that the processing of Gustav/Ike reimbursements were not using the same Expense Review Tool (ERT) process being used to support Katrina/Rita reimbursements. FEMA has implemented a different accounting system (EMMIE) for Gustav/Ike and there are synchronization issues between the ERT and EMMIE. Our staff is working to resolve those issues, and once resolved, the reimbursement processing for the 2005 storms and the 2008 storms will be the same.

Steve J. Theriot, CPA, Page 1 of 2

Your LLA Team continues to assist us in the improvement of our processes and continues to provide outstanding advice and counsel. Their continued analysis of our public-assistance procedures will assist us in achieving our 100%-accuracy goal.

Sincerely,

A handwritten signature in black ink, appearing to be 'MD', with a long horizontal flourish extending to the right.

Mark DeBosier  
Deputy Director - Disaster Recovery

MD:sh

cc: Mark A. Cooper, Director