



Report Highlights

Executive Department

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Financial Audit Services • December 2015

Why We Conducted This Audit

We performed certain procedures at the Executive Department as part of the state of Louisiana’s Comprehensive Annual Financial Report, the Single Audit of the State of Louisiana, and to evaluate the department’s accountability over public funds for the fiscal year ended June 30, 2015.

What We Found

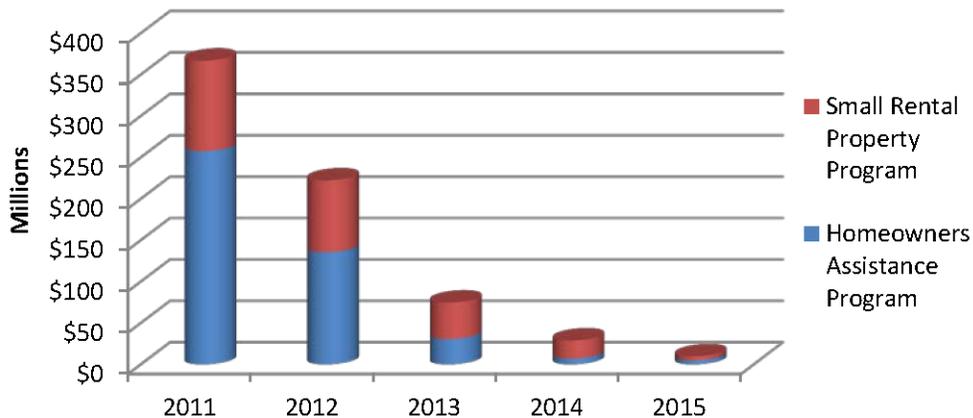
The Community Development Block Grant (CDBG) Homeowner Assistance Program (HAP) is the largest single housing recovery program in U.S. history, with approximately \$8.9 billion in disbursements since fiscal year 2007. This program assists families affected by hurricanes Katrina and Rita get back into their homes.

- The Division of Administration, Office of Community Development (OCD) identified \$263 million in noncompliant HAP awards for 7,844 homeowners through post-award monitoring in fiscal year 2015. Failure to recover benefits from noncompliant homeowners could result in disallowed costs that the state could be liable to repay to the federal government. Of the \$8.9 billion total HAP awards disbursed as of June 30, 2015, 21,497 awards totaling \$1.06 billion are in grant recovery.

The CDBG Small Rental Property Program (SRPP) provides funding to property owners to repair their storm-damaged, small-scale rental properties and make their units available to low- and moderate- income tenants at affordable rates.

- OCD identified \$18 million in SRPP loans for 186 property owners who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status in fiscal year 2015. The state could be liable for these amounts if disallowed by the federal grantor. Of the \$435.5 million in outstanding SRPP loans at June 30, 2015, 1,127 loans totaling \$94.3 million are in recovery status.

HAP and SRPP Payments to Applicants, by Fiscal Year

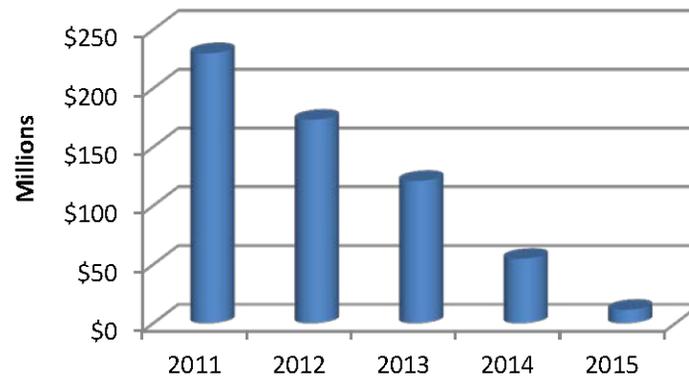


Source: Integrated Statewide Information System (ISIS) data at June 30, 2015

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What We Found (Cont.)

Hazard Mitigation Grant Payments to Applicants, by Fiscal Year



Source: Integrated Statewide Information System (ISIS) data at June 30, 2015

The Hazard Mitigation Grant Program (HMGP) helps homeowners in coastal Louisiana protect their homes from damage in future natural disasters by elevating their homes, reconstructing safer structures, or installing individual mitigation measures.

- OCD identified \$6.3 million in noncompliant HMGP awards for 279 applicants. In addition, OCD identified 31 awards affected by contractor abandonment, incomplete work, or potential fraud and has demanded \$596,385 from contractors for work not performed. The state could be liable for these amounts if disallowed by the federal grantor.

The Division of Administration, Office of State Procurement did not perform an adequate review of procurement exception reports generated for bids that were awarded to other than low bidders and for awards exceeding an employee's delegated purchasing authority, which increases the risk that inappropriate criteria are applied when bids are awarded and could result in noncompliance with applicable laws and regulations.

The Office of Finance and Support Services submitted an inaccurate Annual Fiscal Report for the Division of Administration (DOA) and inaccurate Schedule of Expenditures of Federal Awards information for DOA and the Louisiana Federal Property Assistance Agency for the fiscal year ending June 30, 2015.