

GOVERNOR'S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS  
PUBLIC ASSISTANCE PROGRAM CLOSE-OUT  
JULY 2008 - JUNE 2009



AGREED-UPON PROCEDURES REPORT  
ISSUED NOVEMBER 12, 2009

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LOUISIANA LEGISLATIVE AUDITOR  
STEVE J. THERIOT, CPA

October 14, 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 have performed the procedures enumerated below for the period of July 1, 2008 through June 30, 2009, which were requested and agreed to by the management of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), solely to assist you in fulfilling your responsibility for project close-outs, which is part of the Public Assistance program. GOHSEP management is responsible for the day-to-day operations of the Public Assistance program including project close-out. 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. The procedures that we performed and our findings are as follows:

**Small Project Review**

Procedure

For each small project close-out package provided by GOHSEP, confirm that:

- (1) the close-out package, prepared by the GOHSEP close-out specialists, contains a certification that the eligible scope of work has been completed and
- (2) any exceptions that are identified are documented in the close-out package and supported by photographs, invoices, receipts, or other documentation

as may be appropriate as evidence that the work performed was not part of the eligible scope.

Finding

We reviewed one small project close-out package with an obligated total of \$20,478 and did not note any deficiencies.

**Large Project Review**

Procedure

For each large project close-out package provided by GOHSEP, confirm that:

- (1) the close-out package, prepared by the GOHSEP close-out specialists, contains a certification that the eligible scope of work has been completed and
- (2) any exceptions that are identified are documented in the close-out package and supported by photographs, invoices, receipts, or other documentation as may be appropriate as evidence that the work performed was not part of the eligible scope.

Finding

We reviewed eight large project close-out packages with an obligated total of \$578,838 and did not note any deficiencies.

**Small Project Close-out**

The results of each small project close-out are communicated to GOHSEP management regularly so they can decide how to address any issues that were noted as a result of applying agreed-upon procedures or close the project.

Procedure

For each sub-grantee, whose small projects are assigned to the Louisiana Legislative Auditor (LLA) by GOHSEP, select a sample of the projects based on the risk model created by GOHSEP and confirm through visual inspection and review of invoices, receipts, contracts, or other documentation as may be necessary that the eligible scope of work has been completed.

Finding

GOHSEP assigned 47 small projects with an obligated total of \$671,776 to us for review and confirmation. Through our review and confirmation, we noted that the scope of work was complete in 46 of the small projects although there were deficiencies in nine of them. These deficiencies are the result of computation errors in the project worksheets or the sub-grantees' supporting documentation.

We also noted that the scope of work for one project was not complete and that the sub-grantee could not provide sufficient documentation to support the costs incurred.

**Large Project Close-out**

The results of each large project close-out are communicated to GOHSEP management regularly so they can decide how to address any issues that were noted as a result of applying agreed-upon procedures or close the project. GOHSEP assigned 16 large projects with an obligated total of \$3,492,168 to the LLA for review and confirmation. After selecting a sample of completed work based on the risk model created by GOHSEP, we conducted the following procedures:

Procedure

When the work undertaken by the sub-grantee was accomplished through the use of the sub-grantee's employees, confirm through visual inspection and reviewing payroll documents, overtime policies, fringe benefit rate calculation sheets, or any other documentation as may be necessary that the costs incurred are supported.

Finding

Of the 16 projects assigned, nine contained scope of work line items for work to be accomplished using the sub-grantee's employees. Through our review and confirmation, we noted that costs were supported for seven projects; however, in four of them we noted additional supported costs. These costs relate to fringe benefits that were not obligated, the incorrect application of a sub-grantee's overtime policy, and a transposition error in the obligation of hours worked. The FEMA representatives that accompanied us determined all of the costs, totaling \$10,458, eligible for reimbursement.

For the remaining two projects, we noted that not all costs were supported. In both projects the unsupported costs relate to the incorrect use of fringe benefit rates. After discovering the error, we recomputed the fringe benefits using the correct rates and noted that the sub-grantees had been reimbursed \$7,046 in excess of costs incurred.

Procedure

When the work undertaken by the sub-grantee was accomplished through the use of the sub-grantee's equipment, confirm through visual inspection and reviewing payroll documents, equipment usage logs, equipment inventories, or any other documentation as may be necessary that the costs incurred are supported.

Finding

Of the 16 projects assigned, eight contained scope of work line items for work to be accomplished using the sub-grantee's equipment. Through our review and confirmation, we noted that costs were supported for seven projects; however, in two of them we noted additional supported costs. These costs relate to calculation errors and the incorrect use of FEMA equipment codes. The FEMA representatives that accompanied us determined all of the costs, totaling \$5,063, eligible for reimbursement.

For the remaining project, we noted that not all costs were supported. The unsupported costs relate to the incorrect use of a FEMA equipment rate. After discovering the error, we recomputed the reimbursable amount using the correct rate and noted that the sub-grantee had been reimbursed \$396 in excess of the costs incurred.

Procedure

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

- (1) through visual inspection and reviewing invoices, receipts, contracts, or any other documentation as may be necessary that the costs incurred to complete the eligible scope of work are supported and
- (2) the appropriate procurement standards, as defined in 44 CFR 13.36, were followed.

Finding

Of the 16 projects assigned, 10 contained scope of work line items where the sub-grantee used materials in inventory or purchased materials to accomplish the work. Through our review and confirmation, we noted that all costs were supported and that the appropriate procurement standards had been followed.

Procedure

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

- (1) through visual inspection and reviewing invoices, receipts, contracts, or any other documentation as may be necessary that the costs incurred to complete the eligible scope of work are supported and
- (2) the appropriate procurement standards, as defined in 44 CFR 13.36, were followed.

Finding

Of the 16 projects assigned, three contained scope of work line items where the sub-grantee rented equipment to accomplish the work. Through our review and confirmation, we noted that all costs were supported and that the appropriate procurement standards had been followed.

Procedure

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

- (1) through visual inspection and reviewing invoices, receipts, contracts, lease agreements, or any other documentation as may be necessary that the costs incurred to complete the eligible scope of work are supported; and
- (2) the appropriate procurement standards, as defined in 44 CFR 13.36, were followed.

Finding

Of the 16 projects assigned, 12 contained scope of work line items for work to be accomplished through the sub-grantee's use of contractors. Through our review and confirmation, we noted that costs were supported and that the appropriate procurement standards had been followed for 11 projects; however, we noted additional supported costs in one of them. These costs relate to unclaimed contractor costs totaling \$1,055 determined to be eligible for reimbursement by the FEMA representatives that accompanied us.

For the remaining project, we noted that not all costs were supported but the appropriate procurement standards had been followed. The unsupported costs relate to the reimbursement of a credit to the sub-grantee from a contractor. After discovering the error, we recomputed the reimbursable amount and noted that the sub-grantee had been reimbursed \$1,112 in excess of costs incurred.

**Additional Information**

During the application of these procedures, we noted that the amount reimbursed for one project exceeded the amount obligated by \$898. We reported the issue to GOHSEP management who committed to making adjustments to the computer system to prevent future occurrences.

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,



Steve J. Theriot, CPA  
Legislative Auditor

LET:JLS:JLM:dl

GOHSEPPAPCO08-09

## Management's Response





BOBBY JINDAL  
GOVERNOR

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

MARK A. COOPER  
DIRECTOR

October 28, 2009

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

RE: Public Assistance Program Close Out – July 2008 through June 2009

Dear Mr. Theriot:

We have received the draft report compiled by the Legislative Auditor's Recovery Assistance Division reviewing the State's Public Assistance Program Close Out for the period of July 2008 to June 2009.

The report indicated that there was one Small Project Review conducted on a GOHSEP close-out project and no deficiencies were noted. Of the 47 Small Projects assigned to the LLA, all but 9 were completed without deficiencies, and one of the 9 represented a project that was not complete nor sufficiently documented. GOHSEP staff will work with the applicant to resolve minor deficiencies of the 8 projects and work with the one applicant whose project was noted as incomplete.

The report also indicated that there were 8 Large Project Reviews conducted on GOHSEP close-outs and no deficiencies were noted. The report identified 16 Large Project Close-Outs conducted by the LLA none of which were noted for significant findings.

We greatly appreciate the continued support of the Louisiana Legislative Auditors Office and look forward to a continued constructive working relationship as we work through this highly complex program.

Sincerely,

Mark DeBosier  
Deputy Director – Disaster Recovery

MD:sh

Cc: Mark A. Cooper, Director