

DIVISION OF ADMINISTRATION  
OFFICE OF COMMUNITY DEVELOPMENT  
ROAD HOME PROGRAM  
INVOICE REVIEW



AGREED-UPON PROCEDURES REPORT  
ISSUED MAY 26, 2010

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

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We performed agreed-upon procedures to assist the Office of Community Development - Disaster Recovery Unit (OCD-DRU) in evaluating the completeness and accuracy of documentation submitted by OCD-DRU's contractors for payment under the Road Home Program. For the period September 1, 2008, through December 31, 2009, we reviewed invoices totaling \$45,849,213 for labor charges, unit costs, and other direct costs. We noted exceptions totaling \$6,450,173. During the application of our procedures, the contractors submitted additional information and issued credits to resolve \$5,171,196 of the exceptions. Also, OCD-DRU withheld payments of \$3,353. The remaining exceptions total \$1,275,624.

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

April 27, 2010

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

**ROBIN KEEGAN, EXECUTIVE DIRECTOR**  
**OFFICE OF COMMUNITY DEVELOPMENT**  
**DIVISION OF ADMINISTRATION**  
Baton Rouge, Louisiana

We performed the procedures enumerated below, which were agreed to by the Office of Community Development-Disaster Recovery Unit (OCD-DRU) management, solely to assist OCD-DRU management in evaluating the completeness and accuracy of documentation submitted by OCD-DRU's contractors for payment under the Road Home Program during the period September 1, 2008, through December 31, 2009. OCD-DRU management is responsible for the day-to-day operations of the Road Home Program.

This agreed-upon procedures engagement was conducted in accordance with the applicable 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 of America. The sufficiency of these procedures is solely the responsibility of OCD-DRU management. 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.

Our procedures and results are as follows:

**PROCEDURE:** For all labor charges billed, compare the labor rates billed to the labor rates specified in the contracts between OCD-DRU and HGI, ACS, CGI, Reznick, STA, or other contractors as may be identified by OCD-DRU during the engagement period (hereafter collectively referred to as contractors).

**RESULT:** During the period, OCD-DRU's contractors submitted invoices totaling \$40,355,323 for labor charges. Of that total, \$640,255 was not billed in accordance with the rates specified in the contracts. After our initial review, the contractors provided additional documentation to support

\$476,398 of the exceptions and issued credits of \$5,992. The remaining unresolved exceptions total \$157,865.

**PROCEDURE:** For all labor charges billed, review 100% of the supporting documentation for completeness, accuracy, and compliance with applicable Federal and State regulations and program policies.

**RESULT:** Of the \$40,355,323 billed for labor, the contractors did not provide sufficient documentation to support charges totaling \$4,563,918. After our initial review, the contractors provided additional documentation to support \$4,525,953 of the exceptions and issued credits of \$2,115. The remaining unresolved exceptions total \$35,850.

**PROCEDURE:** For all unit costs billed, compare the rates billed to the rates specified in the contracts between OCD-DRU and its contractors.

**RESULT:** During the period, OCD-DRU's contractors submitted invoices totaling \$4,995,211 for unit costs. Of that total, \$575,749 was not billed in accordance with the rates specified in the contracts. OCD-DRU is drafting a contract amendment that could resolve \$248,432 of the exceptions for one contractor. The remaining \$327,317 in exceptions would not be resolved by the amendment because the amendment does not specifically address unit costs totaling \$163,333 and unit costs totaling \$163,984 also lack sufficient supporting documentation.

**PROCEDURE:** For a sample of unit costs billed, review 100% of the supporting documentation for completeness, accuracy, and compliance with applicable Federal and State regulations and program policies.

**RESULT:** During this reporting period, we reviewed 100% of the \$4,995,211 in unit costs billed to assess the risks associated with each contractor. This assessment will be used in subsequent reporting periods to help guide our sample selection.

Of the \$4,995,211 in unit costs billed during this period, the contractors did not provide sufficient documentation to support costs totaling \$287,159. After our initial review, the contractors provided additional documentation to support \$22,022 of the exceptions. The remaining unresolved exceptions total \$265,137.

**PROCEDURE:** Quarterly, accumulate unit costs billed per unit type, identify any repeated services per applicant, and determine if the need for the repeated services is reasonable and documented.

**RESULT:** We reviewed the unit costs (e.g., appraisals, title searches, home evaluations, closings, and secondary disbursements) billed from inception

of OCD-DRU's contracts through September 30, 2009, which total \$2,178,784, and identified exceptions totaling \$2,900 related to appraisals, closings, and secondary disbursements. After our initial review, the contractors provided additional documentation to support \$450 of the exceptions. The remaining unresolved exceptions total \$2,450.

We did not receive the necessary information from the contractors to review the unit costs billed for the quarter ended December 31, 2009, which total \$1,898,000. Therefore, our analysis of those unit costs will be included in our report for the period ending June 30, 2010.

**PROCEDURE:** For all other direct costs billed, compare the costs billed to the costs specified in the contracts between OCD-DRU and its contractors and, for those costs that are not specified in the contract, determine if the State Project Manager provided written authorization to incur the costs.

**RESULT:** During the period, OCD-DRU's contractors submitted invoices totaling \$498,679 for other direct costs. Of that total, \$93,789 was not authorized in the contracts or was not pre-approved by OCD as required by the contracts. After our initial review, the contractors provided additional documentation to support \$968 of the exceptions and issued credits of \$111. Also, OCD withheld payment of \$2,750. The remaining unresolved exceptions total \$89,960.

**PROCEDURE:** For all other direct costs billed, review 100% of the supporting documentation for completeness, accuracy, and compliance with applicable Federal and State regulations and program policies.

**RESULT:** The contractors did not provide sufficient documentation to support \$286,403 of the other direct costs. After our initial review, the contractors provided additional documentation to support \$136,625 and issued credits of \$562. Also, OCD withheld payment of \$603. The remaining unresolved exceptions total \$148,613.

We were not engaged to and did not conduct an audit, the objective of which would be to express an opinion, on OCD-DRU's compliance with Federal and State regulations, internal control over compliance with Federal and State regulations, or 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.

ROAD HOME PROGRAM INVOICE REVIEW - SEPTEMBER 1, 2008 - DECEMBER 31, 2009 \_\_\_\_\_

This report is intended solely for the information and use of OCD-DRU management. However, by provisions of State law, this report is a public document and has been distributed to the appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

SD:JLM:dl

RHPIR908-1209

## Management's Response



**BOBBY JINDAL**  
GOVERNOR



**ANGELE DAVIS**  
COMMISSIONER OF ADMINISTRATION

**State of Louisiana**  
Division of Administration  
**Office of Community Development**  
**Disaster Recovery Unit**

May 11, 2010

Mr. Daryl G. Purpera, CPA  
Office of the Louisiana Legislative Auditor  
1600 North Third Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Re: OCD/DRU Response to the Road Home Program Contractors Invoice Review  
Procedures for the period September 1, 2008 to December 31, 2009

Dear Mr. Purpera:

The Office of Community Development, Division of Administration appreciates the opportunity to respond to the report prepared by your office on the review identified above. Our analysis of the report finds that it accurately summarizes exceptions discussed with our office and the Road Home Program contractors.

We are in general agreement with the exceptions noted and have taken steps to further analyze each. We will continue to work with your office and the contractors to come to an agreeable solution with all parties.

We wish to thank your office for their hard work on this assignment. Your staff has shown remarkable professionalism and diligence in working through many difficult issues. Your services are greatly appreciated by the Division of Administration.

Sincerely yours,

A handwritten signature in black ink, appearing to read "R. Keegan".

Robin Keegan, Executive Director  
OCD/Disaster Recovery Unit

Cc: Tom Brennan  
Susan Pappan  
Steve Upton