

GOVERNOR'S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS  
STATE OF LOUISIANA



MANAGEMENT LETTER  
ISSUED MAY 26, 2010

**LEGISLATIVE AUDITOR  
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**DIRECTOR OF FINANCIAL AUDIT**

PAUL E. PENDAS, CPA

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. Five copies of this public document were produced at an approximate cost of \$18.70. 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. 80090030 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.

	Page
Management Letter .....	3
Budgetary Comparison Schedule (Unaudited) .....	17

**Appendix**

Management’s Corrective Action Plans and Responses to the Findings and Recommendations.....	A
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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

April 29, 2010

**GOVERNOR'S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS**

Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 2009, we considered the Governor's Office of Homeland Security and Emergency Preparedness' internal control over financial reporting and over compliance with requirements that could have a direct and material effect on a major federal program; we examined evidence supporting certain accounts and balances material to the State of Louisiana's financial statements; and we tested the office's compliance with laws and regulations that could have a direct and material effect on the State of Louisiana's financial statements and major federal programs as required by *Government Auditing Standards* and U.S. Office of Management and Budget (OMB) Circular A-133.

The Annual Fiscal Report of the Governor's Office of Homeland Security and Emergency Preparedness is not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The office's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior management letter on the Governor's Office of Homeland Security and Emergency Preparedness for the year ended June 30, 2008, we reported findings relating to inadequate preparation of the annual fiscal report, noncompliance with subrecipient monitoring requirements, inadequate controls over user access to louisiana.com system, untimely reconciliation between the Integrated Statewide Information System (ISIS) and the louisiana.com (LAPA) systems, deficiencies in internal control over payroll, inadequate controls over cash management and noncompliance with the Cash Management Improvement Act agreement, noncompliance with federal financial reporting requirements, no reconciliation between the project database and financial records for the Homeland Security Cluster programs, and failure to document payroll distribution costs. The findings relating to inadequate controls over user access to louisiana.com system, untimely reconciliation between ISIS and the louisiana.com system, noncompliance with federal financial reporting requirements for the Homeland Security Cluster programs, and failure to document payroll distribution costs have been resolved by management. The remaining findings have not been resolved and are addressed again in this report.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* have also been included in the State of Louisiana’s Single Audit Report for the year ended June 30, 2009.

**Inadequate Preparation of the Annual Fiscal Report**

For the third consecutive year, the Governor’s Office of Homeland Security and Emergency Preparedness (GOHSEP) did not submit an accurate Annual Fiscal Report (AFR) and Schedule of Expenditures of Federal Awards (SEFA) to the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP). Louisiana Revised Statute 39:79 authorizes the commissioner of administration to establish the format of each agency’s AFR and requires a signed affidavit that the AFR presents fairly the financial position of the agency. Good internal control over financial reporting should include adequate procedures to record, process, and transmit financial data needed to prepare an accurate and complete AFR, including the SEFA; adequate training and supervision of staff; and a review process that will identify preparation errors and correct those errors before submitting the reports to OSRAP for inclusion in the state’s Comprehensive Annual Financial Report (CAFR) and the Single Audit.

GOHSEP submitted an AFR packet to OSRAP by the original due date of August 31, 2009, but the AFR contained several material and significant errors in the accrual calculations. GOHSEP revised the accruals on September 2, 2009, and again on September 16, 2009. Audit procedures revealed that the revised AFRs still contained significant and material errors in the accruals and note disclosures that necessitated correction by audit adjustments.

<u>Account Balance</u>	<u>Original AFR</u>	<u>9/2 Version</u>	<u>9/16 Version</u>	<u>Audit Adjustments</u>	<u>Final Adjusted Version</u>
Receivables:					
Modified accrual	\$125,788,830	\$125,788,830	\$124,971,056		\$124,971,056
Adjustment to full accrual	886,606,955	886,606,955	1,000,061,483	\$112,028,079	1,112,089,562
Payables:					
Modified accrual	(6,853,960)	87,722,557	87,722,557		87,722,557
Adjustment to full accrual	1,156,151,613	1,156,151,613	1,192,412,327	(75,204,765)	1,117,207,562

GOHSEP submitted the SEFA to OSRAP by the due date of September 4, 2009; however, errors with the pass-through entity information and recap form were noted by OSRAP and a revised schedule was submitted on November 2, 2009. Audit procedures revealed that the revised SEFA still contained the following errors: (1) the amount reported for the Public Assistance program was understated by \$2.4 million; (2) the recap of the Schedule 8 was not prepared in accordance with OSRAP’s instructions; and (3) the reconciliation between the SEFA and the financial statements included unsupported adjustments.

Management has not adequately trained its accounting staff in the OSRAP format, Governmental Accounting Standards Board (GASB) requirements, or OMB A-133 reporting requirements. In addition, management has not developed an adequate review

process to ensure that the AFR is accurately presented. The lack of adequate review may allow misstatements from errors or fraud to occur and remain undetected. The failure to submit an accurate AFR could delay the compilation and issuance of the state's CAFR.

GOHSEP management should enhance its written compilation procedures to include all steps in the compilation process, ensure that its AFR and SEFA are properly prepared and reviewed to identify and correct errors before submitting these reports to OSRAP, and ensure that its accounting staff is adequately trained in OSRAP, GASB, and OMB A-133 reporting requirements. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 1-2).

### **Noncompliance With Subrecipient Monitoring Requirements**

For the third consecutive year, GOHSEP did not comply with subrecipient monitoring requirements for the Disaster Grants - Public Assistance program (CFDA 97.036) and the Homeland Security Cluster (CFDA 97.004 and 97.067). In addition, for the second consecutive year, GOHSEP did not comply with the subrecipient monitoring requirements for the Hazard Mitigation Grant Program (CFDA 97.039).

OMB Circular A-133 requires pass-through entities to perform "during the award" monitoring to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements and that performance goals are achieved. OMB A-133 also requires the pass-through entity to (1) ensure subrecipients expending \$500,000 or more in federal awards during the subrecipient's fiscal year have a single audit and that the required audits are completed within nine months of the end of the subrecipient's audit period; (2) issue a management decision on audit findings within six months after receipt of the subrecipient's audit report; (3) ensure the subrecipient takes timely and appropriate corrective action on all audit findings; and (4) take appropriate action using sanctions in cases of continued inability or unwillingness of the subrecipient to have the required audits. Furthermore, pass-through entities are responsible for evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable federal regulations.

Management failed to ensure that adequate subrecipient monitoring was performed to comply with OMB A-133 requirements. Our tests of subrecipient monitoring for the Public Assistance, Hazard Mitigation, and Homeland Security Cluster programs revealed the following deficiencies:

- Procedures for the Hazard Mitigation and Homeland Security Cluster programs were not developed or implemented to ensure that GOHSEP reviewed required subrecipient audit reports, evaluated the impact of subrecipient activities on GOHSEP's ability to comply with federal regulations, and/or determined if sanctions are necessary for subrecipients that did not obtain a required audit.

- The monitoring program developed to review subrecipient audit reports for the Public Assistance program did not include procedures to evaluate the impact of audit findings on GOHSEP's ability to comply with applicable federal regulations and to determine if sanctions are necessary for subrecipients that did not obtain a required audit.
- In a test of 25 subrecipients of the Public Assistance program who were required to meet the audit requirements of OMB A-133, we noted the following:
  - Four of the 25 (16%) subrecipients tested did not have the required audit performed for the year tested and GOHSEP did not perform procedures to follow up with the subrecipient and determine if sanctions were necessary.
  - Twelve of the 25 (48%) subrecipients tested did not have a completed and approved desk review, which is required by GOHSEP's internal procedures.
  - For five of the seven (71%) audit reports tested that had findings relating to the Public Assistance program GOHSEP did not issue a management decision letter timely. Three decision letters were issued between 28 and 108 days late. Two decision letters had not been issued as of the date of our procedures (January 4, 2010).
- The site visit program implemented for the Homeland Security Cluster programs did not provide adequate coverage for the fiscal year 2005, 2006, and 2007 grants. GOHSEP performed 13 site visits in fiscal year 2009 providing approximately 3% to 7% coverage on the fiscal year 2005, 2006, and 2007 grants. GOHSEP did not perform a risk assessment and could not provide other documentation to justify performing only these 13 site visits.

Management's failure to ensure that adequate subrecipient monitoring was performed results in noncompliance with federal requirements and could result in possible misuse of federal funds by subrecipients and potential disallowed costs.

Management should develop and implement procedures to monitor subrecipient audit reports in a timely manner, evaluate and document the impact of audit findings on GOHSEP's ability to comply with federal regulations, and follow up with subrecipients who have not had the required audits to determine if sanctions should be imposed. Management should also modify the existing plan for the Homeland Security Cluster programs to include a risk-based or rotational approach for the site visits to ensure adequate coverage of program funds. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 3-5).

### **Inadequate LAPA Program Change Management**

GOHSEP did not have adequate change-management controls over the louisianapa.com (LAPA) system, which is used to administer the Public Assistance program (CFDA 97.036). Good internal control requires that all changes, including emergency maintenance and patches, relating to infrastructure and applications within the production environment should be formally managed, logged, assessed, and authorized before implementation and reviewed against planned outcomes following implementation. In addition, good internal control requires that entities should establish a management process between the entity and its service providers, which defines the roles, tasks, and responsibilities of internal and external service providers and management.

Audit procedures identified the following control deficiencies:

- The LAPA test site used the same login information as the LAPA production site and user acceptance testing was inadequately monitored and documented for the period July 1, 2008, through April 22, 2009.
- The LAPA report of completed program changes did not include a reference to the change request made and, therefore, was not a proper monitoring tool for GOHSEP to ensure that all critical changes requested were actually made and implemented.
- GOHSEP implemented changes to LAPA during fiscal year 2009 without the proper signatures of approval in accordance with current GOHSEP change-management policy.
- The change-management policies and procedures established in October 2008 lacked specific detail regarding the agreed-upon change-management process, the emergency change process, and the policy and procedures to be followed by the service provider.

GOHSEP management has not placed sufficient emphasis on the development and implementation of effective change-management policies and procedures. Inadequate change-management controls increase the risk that (1) erroneous or unauthorized changes to LAPA may be made; (2) GOHSEP may be unable to hold the service provider accountable for unacceptable change management procedures; and (3) program changes may not align with current management philosophy and operating style which could result in a failure to achieve IT objectives. In addition, determining whether a proposed change is functioning adequately is difficult without a clear expected result documented in the test scripts.

Management should adequately facilitate and document user acceptance testing, separate the test site from the production site with different login information, include a benchmark in the test scripts, and reconcile between scheduled changes and those actually implemented by the service provider. In addition, management should update the change-management policy and procedures to include specific detail regarding the

agreed-upon change-management process, the emergency change process, and the policy and procedures to be followed by the service provider. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 6-8).

### **Lack of Information Technology Audits**

The internal audit section of GOHSEP has not performed information technology (IT) audits to monitor, assess, and report to management on the effectiveness of IT controls. GOHSEP is heavily dependent on its IT systems for administration of federal programs, financial processing, and reporting. Good internal control requires the monitoring of internal control processes for IT-related activities and identifying improvement actions. This process involves defining a system of internal controls embedded in the IT process framework, monitoring and reporting on the effectiveness of the internal controls over IT, and reporting exceptions to management for action. In addition, adequate IT control procedures would include independent assurance (internal and/or external) about the conformance of IT with relevant laws and regulations; the organization's policies, standards, and procedures as compared to generally accepted practices; and the effective and efficient performance of IT.

Significant IT functions of GOHSEP were not addressed in its internal auditor's risk assessment and audit plan for the agency. Without internal IT audits, risk is increased that the design, implementation, and operation of critical applications and resources may be inefficient and ineffective. In addition, IT operations may not comply with relevant laws, regulations, policies, standards, procedures, contractual agreements, and best practices.

GOHSEP should include a risk assessment of the significant IT functions, then address those identified risks in the audit plan and perform internal IT audits to monitor, assess, and report on the effectiveness of IT controls. These audits should involve all aspects of IT operations and be reported to an appropriate level of management. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 9-10).

### **Lack of Proper LAPA Access and Segregation of Duties**

GOHSEP did not have adequate controls over access to its computer system and modifications to its production data. In addition, logs were not available to provide an adequate audit trail of activities. Good internal controls require that (1) an organization should implement a division of roles and responsibilities that reduces the possibility for a single individual to compromise a critical process; (2) personnel should perform only authorized duties relevant to their respective jobs and positions; (3) an organization should implement business controls into its automated application controls such that processing is accurate, complete, timely, authorized, and auditable; (4) programmers should not be able to execute or have access to execute programs in production; and (5) users should not be able to perform system administrative duties.

GOHSEP granted system administrator access in the LAPA system to seven users and four vendor programmers. System administrators have full access to the LAPA application with the capability to grant, deny, and modify user access resulting in inadequate segregation of duties and creating the potential for unauthorized modifications to production data. In addition, system administrators are able to approve, delete, deny, or modify payment and appeal information. In addition, because of an inadequate logging function, the system does not provide an audit trail of system administrator activity. Management did not place sufficient emphasis on ensuring that LAPA system administrator duties were properly segregated or that LAPA system administrator activities were logged and monitored. Although GOHSEP has established mitigating controls to reduce the risk of error, inadequate segregation of duties within LAPA increases the likelihood of unauthorized and undetected modification of production data files.

Management should segregate the programming function from the production function, ensure permissions in LAPA are granted on a strict business-need basis, implement an audit trail for system administrator activity, and monitor the activity on a periodic basis. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 11-12).

#### **Inadequate Reconciliation Between Project Database and Financial Records**

For the second consecutive year, GOHSEP did not adequately reconcile its project database for the Homeland Security Cluster programs (CFDA 97.004 and 97.067) to the financial records. The project database maintains grant and administrative expenditures for the Homeland Security Cluster programs. The grant managers use the project database to monitor the administrative costs of the grants and prepare the Biannual Strategy Implementation Report (BSIR). OMB Circular A-133 *Compliance Supplement*, Part 4 earmarking requirements state that not more than three percent of fiscal year 2008 grant funds (five percent for fiscal years 2006 and 2007 grants) made available to a state may be used for costs of management and administration. The U.S. Department of Homeland Security Program Guidance and Application Kit states that recipients are required to submit a BSIR with the obligated and expended grant totals for each award. Good internal controls would ensure that the project database is reconciled to financial records periodically on a timely basis to verify that all transactions are posted correctly.

Audit procedures revealed the following deficiencies:

- Although GOHSEP developed procedures to reconcile the database to financial records, these procedures were not fully implemented.
- GOHSEP's grant section prepared a spreadsheet summarizing the grant awards, grant expenditures, and administrative expenditures to demonstrate compliance with the earmarking requirements. However, this spreadsheet is prepared from the project database. Because the project database did not reconcile to the financial records and management could

not readily identify the differences, we were unable to determine that GOHSEP complied with the earmarking requirements for administrative costs.

- The BSIR is prepared using the project database. Because the project database did not reconcile to the financial records and GOHSEP does not maintain other support for the BSIR, the accuracy of the amounts reported on the BSIR could not be determined.

Management has not fully implemented procedures to ensure that the expenditure data recorded in the project database agrees with the expenditures in the financial records. Inaccurate data in the project database may lead to overspending in the grants, noncompliance with federal earmarking requirements, inaccurate reporting to the federal grantor, and a loss of future funding from the grantor.

Management should implement procedures to reconcile the project database to financial records on a periodic basis, ensure the earmarking compliance requirements have been met, and ensure reports submitted to the federal grantor are supported by the financial records. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 13-14).

#### **Homeland Security Subgrants Not Obligated Timely**

GOHSEP did not obligate fiscal year 2008 Homeland Security Grant Program (HSGP - CFDA 97.067) funds to local government within the 45-day requirement stipulated in program regulations. The 2008 U.S. Department of Homeland Security (DHS) Program Guidance and Application Kit requires the state administrative agency to obligate fiscal year 2008 HSGP grant funds for the State Homeland Security Program (SHSP), Urban Areas Security Initiative (UASI), and Metropolitan Medical Response Systems (MMRS) programs to local units of government within 45 days after the date of the federal grant award. In addition, under OMB Circular A-133 *Compliance Supplement* Part 4, states must obligate fiscal year 2008 subgrants under the SHSP and UASI programs to local government within 45 days of the federal award to comply with earmarking and special tests and provisions requirements.

In a test of 28 fiscal year 2008 HSGP subgrants awarded during state fiscal year 2009, all 28 (100%) subgrants were awarded between 63 and 150 days after the date of the federal grant award, which is 18 to 105 days late.

Management did not ensure that subgrants were awarded timely. Failure to obligate the subawards to local governments in a timely manner results in noncompliance with U.S. DHS program regulations and OMB Circular A-133 requirements. In addition, untimely obligations reduce the amount of time available for the local governments to use the grant funds.

Management should implement controls to ensure that funds are obligated timely to local governments in accordance with program requirements. Management did not concur with the finding. Management responded that it had procedures in place; however, compliance with the time requirement was delayed due to a full activation of its Emergency Operations Center for hurricanes Gustav and Ike (see Appendix A, pages 15-16).

**Additional Comments:** Management should design controls to ensure its normal operations can continue during times when its emergency operation functions are performed.

### **Noncompliance With the CMIA Treasury-State Agreement**

For the second consecutive year, GOHSEP did not comply with the requirements for the Public Assistance (PA) program (CFDA 97.036) in the Cash Management Improvement Act (CMIA) Treasury-State agreement and the Division of Administration, OSRAP Policy and Procedures Manual (PPM). The Treasury-State agreement establishes a clearance pattern and funding technique for agencies to follow when requesting federal funds for the PA program. GOHSEP's funding techniques require that funds are received and credited to the state account in a manner designed to be interest neutral to the state and the federal government. The agreement also requires the state to calculate an interest liability to the federal government on refunds from applicants exceeding a \$50,000 threshold. Because OSRAP calculates the interest liability for all of the state's CMIA programs, OSRAP's PPM requires the agency to prepare a spreadsheet each month showing the amount and date that the funds were disbursed and received.

Audit procedures revealed the following deficiencies:

- In 39 of 50 (78%) federal draws tested, GOHSEP did not follow the established clearance pattern in the Treasury-State agreement. These draws were requested between one and nine days after the scheduled draw date resulting in potential lost interest earnings for the state and noncompliance with the agreement.
- In 30 of 50 (60%) federal draws tested, GOHSEP did not properly report revenue and expenditure information on the CMIA spreadsheets submitted to OSRAP. Errors included omitting refunds, inaccurately reporting the revenue and expenditure amounts, and inaccurately reporting check/EFT dates. As a result, OSRAP was not provided with the proper information to calculate interest liabilities and monitor clearance patterns.
- GOHSEP did not properly calculate and report state interest liabilities on the CMIA spreadsheet submitted to OSRAP. Errors occurred because GOHSEP used the wrong interest rates, did not properly report refunds, and reported state interest liability for draws that were requested late. As a result of these errors, the state interest liability was overstated by \$44,263.

Management has not established adequate controls to ensure that draws are performed timely, interest liabilities are properly calculated, and information on the CMIA spreadsheet provided to OSRAP is reported accurately. Failure to draw funds for the PA program on the scheduled draw date results in noncompliance with the CMIA agreement and failure to accurately report the PA program information to OSRAP results in noncompliance with OSRAP policy and the CMIA agreement.

Management should develop and enforce written CMIA policies and procedures to ensure draws are performed timely and the draw information is reported accurately to OSRAP. Management should also cross-train employees to allow draws to be performed timely on days where the employee with primary responsibility is not available. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 17-18).

### **Deficiencies in Internal Control Over Payroll**

For the third consecutive year, GOHSEP did not maintain adequate internal control over payroll processing. GOHSEP's written internal policies dictate that employees must obtain approval for leave on an SF-6 form. In addition, good internal controls include ensuring that time and attendance is entered properly in the payroll system and leave slips are properly completed to support leave taken by employees.

Management did not adequately enforce time and attendance policies to ensure that leave was supported by properly completed forms. In addition, the time and attendance entries were not adequately reviewed after entry in the system to ensure that employees were paid properly. A test of a sample of payroll disbursements between January 2009 and June 2009 revealed the following deficiencies:

- Four of 38 (11%) payroll disbursements with leave or overtime recorded in the payroll system were not entered correctly in the system resulting in three employees underpaid a total of \$61 and one employee overpaid \$30 with a leave balance overstated by 1.5 hours.
- Leave slips could not be located for four of 25 (16%) payroll disbursements with leave taken.
- The time and attendance packet for one payroll disbursement could not be located and we were therefore unable to determine that the payroll was entered correctly in the system.

Failure to enforce time and attendance policies and adequately review payroll entries increases the risk that errors or fraud could occur and remain undetected. Management should (1) strengthen controls over payroll processing to ensure that time and attendance policies are followed and adequate review procedures are performed; (2) process the necessary payroll adjustments to correct the errors noted during our procedures; and (3) recoup any overpayments from employees. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 19-20).

**Lack of Controls to Ensure Completeness  
of Quarterly Progress Reports**

GOHSEP has not implemented adequate internal controls to ensure that quarterly progress reports submitted to the Federal Emergency Management Agency (FEMA) for the Hazard Mitigation Grant Program (CFDA 97.039) include all subgrantees and projects. According to the Code of Federal Regulations (CFR) 44 CFR 206.438 (c), the grantee of the Hazard Mitigation Grant Program is required to submit a quarterly progress report to FEMA indicating the status and completion date for each measure funded. In addition, the FEMA-State agreements state that the reports are due 30 days after the end of the first federal quarter following the initial grant award and every quarter thereafter until the grant ends. Good internal controls would ensure that the reports include all applicable subgrantees and projects.

Management has not placed sufficient emphasis on ensuring that the grantee progress reports are complete. Audit procedures to test the completeness of the quarterly reports revealed that three of 34 (9%) applicable projects tested were not included in the reports submitted to FEMA. The reports for these three projects were subsequently sent to FEMA. However, in at least two of the instances, the omission was discovered by FEMA, not by GOHSEP's controls.

Failure to ensure that the grantee reports are complete results in noncompliance with the CFR and the FEMA-State agreement. Management should implement procedures to ensure that all applicable project reports are included in the file submitted to FEMA. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 21-22).

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the office. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the office should be considered in reaching decisions on courses of action. The findings relating to the office's compliance with laws and regulations should be addressed immediately by management.

In addition, we have included a Budgetary Comparison Schedule, which was prepared from the Annual Fiscal Reports of the Governor's Office of Homeland Security and Emergency Preparedness and from additional data in ISIS, the state's accounting system. This schedule was presented as additional information, but has not been subjected to auditing procedures.

GOVERNOR'S OFFICE OF HOMELAND SECURITY AND EMERGENCY PREPAREDNESS \_\_

This letter is intended for the information and use of the office and its management, others within the entity, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Daryl G. Purpera". The signature is fluid and cursive, with the first name being the most prominent.

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DG:BH:EFS:PEP:dl

GOHSEP09

BUDGETARY COMPARISON SCHEDULE (UNAUDITED)

Page

Agency 111 - Governor's Office of Homeland Security  
and Emergency Preparedness .....17



UNAUDITED

**GOVERNOR'S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS**

**Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2009**

**APPROPRIATED REVENUES**

	<u>TOTAL BEFORE ADJUSTMENTS</u>	<u>AGENCY ADJUSTMENTS</u>	<u>ADJUSTED TOTAL</u>	<u>REVISED BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
State General Revenue	\$8,186,560		\$8,186,560	\$12,084,833	(\$3,898,273)
Interim Emergency Board	538,919		538,919	1,448,106	(909,187)
Federal Aid	1,445,309,113	\$9,938,876	1,455,247,989	1,451,443,732	3,804,257
General Fund - self generated	1,022,030		1,022,030	1,022,030	
General Fund - interagency transfer	4,304,887		4,304,887	4,379,494	(74,607)
Overcollection Fund	20,618,422		20,618,422	21,071,806	(453,384)
FEMA Reimbursement Fund				13,414,095	(13,414,095)
Interoperability Communications Fund	9,208,181		9,208,181	11,815,788	(2,607,607)
	<u>9,208,181</u>		<u>9,208,181</u>	<u>11,815,788</u>	<u>(2,607,607)</u>
Total Appropriated Revenues	<u>\$1,489,188,112</u>	<u>\$9,938,876</u>	<u>\$1,499,126,988</u>	<u>\$1,516,679,884</u>	<u>(\$17,552,896)</u>

**APPROPRIATED EXPENDITURES**

	<u>ADMINISTRATIVE</u>	<u>ACT 672 &amp; HIRING FREEZE</u>	<u>TOTAL</u>
Salaries	\$8,979,094		\$8,979,094
Related benefits	2,154,366		2,154,366
Travel	71,292		71,292
Operating services	1,355,346		1,355,346
Supplies	501,640		501,640
Professional services	1,559,879		1,559,879
Other charges	1,455,959,552		1,455,959,552
Capital outlay	9,766,516		9,766,516
Major repairs	24,220		24,220
Interagency transfers	11,377,605		11,377,605
Total appropriated expenditures			<u>11,377,605</u>
before adjustments	1,491,749,510	NONE	1,491,749,510
System adjustments	(17,610,610)		(17,610,610)
Agency adjustments	10,756,650		10,756,650
	<u>1,491,749,510</u>		<u>1,491,749,510</u>
Total Appropriated Expenditures	1,484,895,550		1,484,895,550
Revised Budget	<u>1,516,208,100</u>	<u>\$471,784</u>	<u>1,516,679,884</u>
Variance Favorable (Unfavorable)	<u>\$31,312,550</u>	<u>\$471,784</u>	<u>\$31,784,334</u>

NOTE: This schedule was prepared using information from the Integrated Statewide Information System (ISIS), the state's accounting system.

Additional detail is available on request.

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Management's Corrective Action  
Plans and Responses to the  
Findings and Recommendations





BOBBY JINDAL  
GOVERNOR

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

MARK A. COOPER  
DIRECTOR

December 23, 2009

Mr. Daryl G. Purpera, CPA  
Temporary Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Letter dated December 9, 2009  
Inadequate Preparation of the Annual Fiscal Report

Dear Mr. Purpera:

I have reviewed the finding in the letter dated December 9, 2009 from your office, which covers activities of the Governor's Office of Homeland Security and Emergency Preparedness for Fiscal Year 2009.

In accordance with your guidance, we are providing separate letters for each of the findings.

**Inadequate Preparation of the Annual Fiscal Report**

**Finding:** For the third consecutive year, the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) did not submit an accurate Annual Fiscal Report (AFR) and Schedule of Expenditures of Federal Awards (SEFA) to the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP).

**Response:** GOHSEP management concurs with this finding. The accurate and timely completion of the Annual Financial Report (AFR) is an important function of this agency. As a result of staff transitions and software issues, there were data integrity issues and errors in the execution of the required forms to complete the AFR. Due to time constraints of the process, multiple sources of data, and the complexity of the data, the process for completing the AFR did not function effectively.

**Corrective Action:** Since the completion of last year's AFR, additional staff has been hired and training is ongoing. In addition, GOHSEP is actively researching the acquisition of a more appropriate software system for data integrity and executing necessary calculations to ensure a timelier and more accurate AFR. GOHSEP will implement improvements to the process, to include maximizing the advance preparation of data, contacting non-financial staff early in the process for coordination and data verification, and ensuring additional layers of review. GOHSEP staff will complete a repeat of the process including identification and retrieval of critical data and execution of the appropriate forms prior to year-end to identify any issues.

Mr. Daryl G. Purpera, CPA  
Page Number 2  
December 23, 2009

I thank you for providing this information on GOHSEP's preparation of the annual fiscal report.

If you have any questions or need further assistance, please contact me at (225) 925-7345 or our Internal Auditor, Bruce J. Janet at (225) 922-1479.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Cooper". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Mark A. Cooper

MAC:BM:krs  
cc: Mark Riley



**BOBBY JINDAL**  
GOVERNOR

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

**MARK A. COOPER**  
DIRECTOR

February 23, 2010

Mr. Daryl G. Purpera, CPA  
Temporary Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Letter dated February 11, 2010  
Noncompliance with Subrecipient Monitoring Requirements

Dear Mr. Purpera:

I have reviewed the finding in the letter dated February 11, 2010 from your office, which covers activities of the Governor's Office of Homeland Security and Emergency Preparedness for Fiscal Year 2009.

In accordance with your guidance, we are providing separate letters for each of the findings.

**Noncompliance with Subrecipient Monitoring Requirements**

**Finding 1:** Procedures were not developed or implemented to ensure that GOHSEP reviewed required subrecipient audit reports, evaluated the impact of subrecipient activities on GOHSEP's ability to comply with federal regulations, and/or determined if sanctions are necessary for subrecipients that did not obtain a required audit.

**Response:**

GOHSEP management concurs with the finding.

**Corrective Action:**

The Compliance Section does have a sanction process in place for those subrecipients that do not respond in a timely manner, with their entities corrective action plan to audit findings cited in their A-133 reports. These sanctions are stated in the Final Determination Letters of the A-133 desk reviews. The Compliance Section will expand their sanction procedures to include those applicants that fail to respond to the Confirmation Letters. The Confirmation Letters are sent to applicants requesting that they provide total federal awards expended and total GOHSEP funds expended in a given year. These letters assists the Compliance Section in determining whether or not the applicant has met the \$500,000 threshold requiring an A-133 report to be submitted. In addition, the Compliance Section will send out a follow-up letter imposing sanctions to the applicant, if there is no response within 30 days after the date of the initial Confirmation Letter.

Mr. Daryl G. Purpera, CPA  
Page Number 2  
February 23, 2010

**Finding 2:** The monitoring program developed to review subrecipient audit reports for the Public Assistance program did not include procedures to evaluate the impact of audit findings on GOHSEP's ability to comply with applicable federal regulations.

**Response:**

GOHSEP management concurs with the finding.

**Corrective Action:**

The Compliance Section will update the Subrecipient Monitoring Program to include notification to all GOHSEP grant program administrators for audit findings found in the applicants A-133 reports that directly affect GOHSEP's ability to comply with OMB A-133. Currently, the Compliance Section lists the applicant's findings that may have an impact on GOHSEP administered grants and offer recommendations to relieve the findings to the applicant. GOHSEP's Compliance Section and grant program administrators will develop procedures to address how these unresolved findings could affect various areas of the agency to ensure compliance with OMB A-133.

**Finding 3:** Various deficiencies were noted in the Public Assistance Program meeting OMB A-133 audit requirements.

**Response:**

GOHSEP management concurs with the finding.

**Corrective Action:**

GOHSEP will update the Subrecipient Monitoring Program to include procedures which will ensure the Compliance Section checks all available locations for audit reports to include the Louisiana Legislative Auditor and Federal Audit Clearinghouse websites. In addition, the Compliance Section will verify through GOHSEP's Schedule of Federal Financial Assistance (Schedule 8) and ISIS expenditure report to track agencies that GOHSEP has administered funds to as well as checking the state's Comprehensive Annual Financial Report to assure that they have captured all required applicants. In mid-year of 2009, the Compliance Section became fully staffed, and since then has begun training personnel to include cross-training on all GOHSEP grant programs and the Subrecipient Monitoring Program. The Compliance Section will ensure procedures are followed, and staff will be trained on updates as needed.

**Finding 4:** The site visit program implemented for the Homeland Security Cluster programs did not provide adequate coverage for the fiscal year 2005, 2006 and 2007 grants. GOHSEP performed 13 site visits in FY09 providing approximately 3% to 7% coverage on the fiscal year 2005, 2006, and 2007 grants. GOHSEP did not perform a risk assessment and could not provide other documentation to justify performing only these 13 site visits.

Mr. Daryl G. Purpera, CPA  
Page Number 3  
February 23, 2010

**Response:**

GOHSEP management concurs with the finding.

**Corrective Action:**

GOHSEP performs desk reviews/audits on all Homeland Security grants subrecipient files when the Homeland Security Grants Branch is processing reimbursement requests. This is an active on-going process of review for compliance. GOHSEP pre-approves all equipment purchases, training/planning/exercise and management and administration requests in accordance with DHS/FEMA regulations. Moreover, prior to releasing grant funds, subgrantees must provide a spending plan that ensures compliance with federal programmatic requirements. These desk audits fulfill several of the requirements as set forth in OMB Circular A-87 and A-133 of which 100% post-grant monitoring is not a requirement. GOHSEP is in the process of establishing a formal procedure for capturing and reporting information when the desk reviews are performed. The monitoring site visits to subrecipients' in conjunction with GOHSEP's Compliance Section will also be part of this procedure. In order to make this a cohesive and well-understood process, the Compliance Section of GOHSEP will take the lead on field monitoring of subrecipients. Other sections of GOHSEP, i.e., Homeland Security and Regional Support will assist the Compliance Section in the coordination of reviews/monitoring visits immediately. Desk reviews will be tracked daily and reported quarterly by the Homeland Security Grants Branch and furnished in a report form to GOHSEP's Compliance Section, and Executive Management.

If you have any questions or need further assistance, please contact me at (225) 925-7345 or our Internal Auditor, Bruce J. Janet at (225) 922-1479.

Sincerely,



Mark A. Cooper

MAC:BJJ

cc: Mark Riley



**BOBBY JINDAL**  
GOVERNOR

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

**MARK A. COOPER**  
DIRECTOR

February 2, 2010

Mr. Daryl G. Purpera, CPA  
Temporary Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Letter dated January 15, 2010  
Inadequate LAPA Program Change Management

Dear Mr. Purpera:

I have reviewed the finding in the letter dated January 15, 2010 from your office, which covers activities of the Governor's Office of Homeland Security and Emergency Preparedness for Fiscal Year 2009.

In accordance with your guidance, we are providing separate letters for each of the findings.

**Inadequate LAPA Program Change Management**

**Finding 1:** The LAPA test site used the same login information as the LAPA production site and user acceptance testing was inadequately monitored and documented for the period July 1, 2008 through April 22, 2009.

**Response:**

GOHSEP management concurs that the test and production sites use the same authentication credentials. However, after discussion with the Information Systems Section in the Disaster Recovery Division, management is confident that this reflects minimal risk. Additionally, it should be noted that to gain access to one of the two sites, the specific web address would need to be entered into the web browser window.

**Corrective Action:**

GOHSEP management and the Information Systems Section have reviewed the condition and agreed that additional training would be conducted with all section personnel to ensure they understand the difference and potential risks involved in using identical credentials for both sites. Additionally, the Information Systems Section will contact the application developer to

discuss the options and cost associated with creating two separate authentication practices. Furthermore, GOHSEP management feels that with its current organizational structure in the Information Systems Section adequate monitoring and documenting of user acceptance testing will occur. Prior to the dates noted (July 1, 2008 to April 22, 2009) the organizational structure did not exist.

**Finding 2:** The LAPA report of completed program changes did not include a reference to the change request made and, therefore, was not a proper monitoring tool for GOHSEP to ensure that all critical changes requested were actually made and implemented.

**Response:**

GOHSEP management concurs that program changes did not include references to changes requested for the LAPA application during the audit review period. GOHSEP management has discussed this deficiency with the Information Systems Section in the Disaster Recovery Division to emphasize the need to document changes and the need for change management. The original implementation of the LAPA application was completed in a hasty manner to react to the needs of the immediate requirement to disburse money to the citizens of Louisiana, post Hurricane Katrina, for the Disaster Recovery Division and managing and monitoring were after thoughts.

**Corrective Action:**

GOHSEP management addressed this deficiency by creating an organizational structure, the Information Systems Section, to manage and monitor the LAPA application. In addition, the Information Systems Section was directed to coordinate and document changes to the LAPA application with GOHSEP's Information Technology Section. The Information Technology Section has developed and established a change management process and policy, which was adopted and approved on December 28, 2009, entitled "GEN-0015 Information Technology Change Management Policy".

**Finding 3:** GOHSEP implemented changes to LAPA during fiscal year 2009 without the proper signatures of approval in accordance with current GOHSEP change-management policy.

**Response:**

GOHSEP management concurs that changes made to the LAPA application were not properly approved by the necessary stake holders. This condition existed because there was no documented change management process for the Information Systems Section to follow. GOHSEP management has discussed this condition with both the Information Systems Section and Information Technology Section to emphasize the need to obtain proper approval to all changes made to the LAPA application.

Mr. Daryl G. Purpera, CPA  
Page Number 3  
February 2, 2010

**Corrective Action:**

GOHSEP has addressed this deficiency by developing and establishing a formal and documented change management process. This process is documented in a GOHSEP policy entitled "GEN-0015 Information Technology Change Management Policy", which was approved on December 28, 2009.

**Finding 4:** The change-management policies and procedures established in October 2008 lack specific detail regarding the agreed-upon change-management process, the emergency change process, and the policy and procedures to be followed by the service provider.

**Response:**

GOHSEP management concurs that the original change management policies and procedures lacked specific details for the different types of change request. The original implementation/installation of the LAPA application was completed in the Department of Public Safety's Data Center with little emphasis on managing and no capability to monitor the LAPA application. Due to this condition, the servers hosting the LAPA application were migrated to the GOHSEP Data Center to improve performance, management and monitoring capabilities in May 2008.

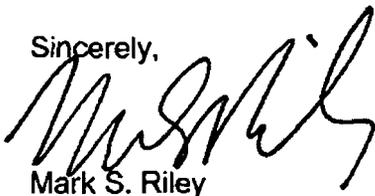
**Corrective Action:**

GOHSEP management has addressed this deficiency by developing, establishing and approving a formal and specific change management policy on December 28, 2009, entitled "GEN-0015 Information Technology Change Management Policy". It addresses planned and emergency type change request to include processes to grant the service provider access to install application patches, changes and upgrades only when needed.

I thank you for providing this information on GOHSEP's LAPA program change management.

If you have any questions or need further assistance, please contact me at (225) 925-7345 or our Internal Auditor, Bruce J. Janet at (225) 922-1479.

Sincerely,



Mark S. Riley

MSR:BJJ

cc: Mark Cooper



**BOBBY JINDAL**  
GOVERNOR

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

**MARK A. COOPER**  
DIRECTOR

January 27, 2010

Mr. Daryl G. Purpera, CPA  
Temporary Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Letter dated January 15, 2010  
Lack of Information Technology Audits

Dear Mr. Purpera:

I have reviewed the finding in the letter dated January 15, 2010 from your office, which covers activities of the Governor's Office of Homeland Security and Emergency Preparedness for Fiscal Year 2009.

In accordance with your guidance, we are providing separate letters for each of the findings.

**Lack of Information Technology Audits**

**Finding:** The internal audit section of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) has not performed information technology (IT) audits to monitor, assess, and report to management on the effectiveness of IT controls.

**Response:** GOHSEP management concurs with the finding that there is a need for the internal audit section to include in its annual risk assessment significant Information technology (IT) functions since GOHSEP is heavily dependent on its IT systems for administration of federal programs, financial processing and reporting. The internal audit section is comprised of an Internal Auditor and an Auditor. A new Internal Auditor was hired on November 2, 2009 filling a vacancy, which occurred in June 2009.

**Corrective Action:** Our new Internal Auditor is in the process of reviewing and modifying, as appropriate, the risk assessment and audit plan for Fiscal Year 2010 prepared by the previous Internal Auditor. He will ensure that the annual risk assessment includes significant IT functions, then address those identified risks in the audit plan and perform internal IT audits to monitor, assess, and report on the effectiveness of IT controls. The number of IT audits performed will be dependent on the risk assessment given the level of current staffing. Any audit results will be reported to an appropriate level of management.

Mr. Daryl G. Purpera  
Page 2  
January 27, 2010

I thank you for providing this information on GOHSEP's lack of information technology audits.

If you have any questions or need further assistance, please contact me at (225) 925-7345 or our Internal Auditor, Bruce J. Janet at (225) 922-1479.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Cooper". The signature is fluid and cursive, with the first name "Mark" being the most prominent.

Mark A. Cooper

MAC:BJJ:krs

cc: Mark Riley



**BOBBY JINDAL**  
GOVERNOR

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

**MARK A. COOPER**  
DIRECTOR

February 2, 2010

Mr. Daryl G. Purpera, CPA  
Temporary Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Letter dated January 19, 2010  
Lack of Proper LAPA Access and Segregation of Duties

Dear Mr. Purpera:

I have reviewed the finding in the letter dated January 19, 2010 from your office, which covers activities of the Governor's Office of Homeland Security and Emergency Preparedness for Fiscal Year 2009.

In accordance with your guidance, we are providing separate letters for each of the findings.

**Lack of Proper LAPA Access and Segregation of Duties**

**Finding:** GOHSEP did not have adequate controls over access to its computer system and modifications to its production data. In addition, logs were not available to provide an adequate audit trail of activities.

**Response:** GOHSEP management concurs with the finding that there is a need to have segregation in duties to ensure permissions in LAPA are granted on a strict business-need basis.

**Corrective Action:** GOHSEP has requested a proposal from a vendor to assess the cost to implement the System Administrator's activity audit trail within LAPA. The enhancement will take approximately 30 hours to construct and will cost \$2,625. Though we currently do not have a budget for this enhancement, we are working towards securing funding and it has been scheduled in our development cycle. Implementing this enhancement will eliminate the possibility of unauthorized and undetected modification of production data files.

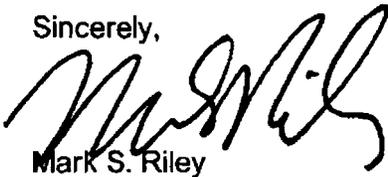
Mr. Daryl G. Purpera, CPA  
Page Number 2  
February 2, 2010

GOHSEP does grant access to vendor programmers to evaluate system bugs that occur in the production site which sometimes cannot be replicated in the development site. While System Administrator's do have the ability to perform all functions in the system, an audit log will provide line item documentation of the functions that an administrator has performed.

I thank you for providing this information on GOHSEP's lack of proper LAPA access and segregation of duties.

If you have any questions or need further assistance, please contact me at (225) 925-7345 or our Internal Auditor, Bruce J. Janet at (225) 922-1479.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark S. Riley', written in a cursive style.

Mark S. Riley

MSR:BJJ

cc: Mark Cooper



BOBBY JINDAL  
GOVERNOR

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

MARK A. COOPER  
DIRECTOR

December 29, 2009

Mr. Daryl G. Purpera, CPA  
Temporary Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Letter dated December 15, 2009  
Inadequate Reconciliation between Project Database and Financial Records

Dear Mr. Purpera:

I have reviewed the finding in the letter dated December 15, 2009 from your office, which covers activities of the Governor's Office of Homeland Security and Emergency Preparedness for Fiscal Year 2009.

In accordance with your guidance, we are providing separate letters for each of the findings.

**Inadequate Reconciliation between Project Database and Financial Records**

**Finding: For the second consecutive year, the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) did not adequately reconcile its project database for the Homeland Security Cluster programs (CFDA 97.004 and 97.067) to the financial records.**

**Response:** GOHSEP management concurs with the finding. Pursuant to the corrective actions implemented by GOHSEP as outlined in the audit response letter dated February 16, 2009, the reconciliation policies and procedures have been adhered to as designed. At present, all open grant years are reconciled on a monthly basis. The current finding addresses grants that were carried under the Military Department, dating back to 2004, for which retention protocols, coupled with storm-related losses have made it difficult to secure source documentation. The reconciliation process remains extremely time consuming because of these unavoidable circumstances. The time constraints for reporting and reconciliation remain a challenge. The lack of a robust grants management tool exacerbates the situation. The 2004 and 2005 reconciliations are nearing completion and should be finalized within the first quarter of 2010.

**Corrective Action:** GOHSEP is addressing staffing issues in the Grants Branch to better allocate resources to the reconciliation efforts and has identified a viable grants management software tool that provides deep integration with existing U.S. Department of Homeland Security grant reporting tools and the State's ISIS financial system.

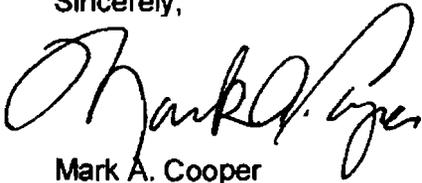
Mr. Daryl G. Purpera, CPA  
Page Number 2  
December 29, 2009

Implementation of this type solution will streamline manual review processes, provide a detailed audit trail from grant application through close-out, and will manage time intervals that drive the programmatic requirements of the grants.

I thank you for providing this information on GOHSEP's reconciliation between its project database and financial records for the Homeland Security Cluster programs.

If you have any questions or need further assistance, please contact me at (225) 925-7345 or our Internal Auditor, Bruce Janet at (225) 922-1479.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Cooper". The signature is fluid and cursive, with the first name "Mark" being the most prominent.

Mark A. Cooper

MAC:FB:krs  
cc: Mark Riley



**BOBBY JINDAL**  
GOVERNOR

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

**MARK A. COOPER**  
DIRECTOR

January 28, 2010

Mr. Daryl G. Purpera, CPA  
Temporary Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Letter dated January 15, 2010  
Homeland Security Grants Not Obligated Timely

Dear Mr. Purpera:

I have reviewed the finding in the letter dated January 15, 2010 from your office, which covers activities of the Governor's Office of Homeland Security and Emergency Preparedness for Fiscal Year 2009.

In accordance with your guidance, we are providing separate letters for each of the findings.

**Homeland Security Subgrants Not Obligated Timely**

**Finding: The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) did not obligate fiscal year 2008 Homeland Security Grant Program (HSGP) (CFDA 97.067) funds to local government within the 45-day requirement stipulated in program regulations.**

**Response:**

GOHSEP management does not concur with the finding. The agency had procedures in place and was prepared to comply with the time requirement for the 2008 HSGP awards. However, the awarding of the subgrants to local government was delayed due to the consequences of GOHSEP undergoing a full activation of its Emergency Operation Center pursuant to Louisiana Governor Executive Order No. 51BJ2008 and Executive Order No. 52BJ2008, dated August 27, 2008 and September 7, 2008, respectively, covering both Hurricanes Gustav and Ike. The executive orders and activation were executed in order to respond to the onset and effects of the hurricanes and the devastation to the state that resulted from landfall.

Personnel at the agency, tasked with responsibility of producing, reviewing and approving sub-grantee awards, were assigned to mandatory roles and responsibilities pursuant to established protocols for activation during a hurricane. This resulted in the repositioning of personnel vital to the grant obligation process in a way that solidified an inability to execute the grant obligation process timely.

Mr. Daryl G. Purpera, CPA  
Page Number 2  
January 28, 2010

The U.S. Department of Homeland Security (DHS) was notified and tacitly concurred, and GOHSEP was provided the latitude necessary to complete the process after the needs of the emergency management and security of the state were adequately addressed. This accounts for the delay as noted by the audit findings.

GOHSEP endeavors to exhaust all efforts to comply with grant requirements and to timely notify all agencies of record when acts of nature impede the compliance process. Nevertheless, acts of nature can hamper administrative efforts in the future if their timing coincides with established grant award notification deadlines, as was the case in this instance. Future occurrences will involve dual notification of DHS and the Office of Legislative Auditor when activation will impede the sub-grantee notification and award process.

I thank you for providing this information on GOHSEP's homeland security subgrants.

If you have any questions or need further assistance, please contact me at (225) 925-7345 or our Internal Auditor, Bruce Janet at (225) 922-1479.

Sincerely,



Mark A. Cooper

MAC:BJJ

cc: Mark Riley



**BOBBY JINDAL**  
GOVERNOR

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

**MARK A. COOPER**  
DIRECTOR

January 28, 2010

Mr. Daryl G. Purpera, CPA  
Temporary Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Letter dated January 15, 2010  
Noncompliance with the CMIA Treasury-State Agreement

Dear Mr. Purpera:

I have reviewed the finding in the letter dated January 15, 2010 from your office, which covers activities of the Governor's Office of Homeland Security and Emergency Preparedness for Fiscal Year 2009.

In accordance with your guidance, we are providing separate letters for each of the findings.

**Noncompliance with the CMIA Treasury-State Agreement**

**Finding:** For the second consecutive year, GOHSEP did not comply with the requirements for the Public Assistance (PA) Program (CFDA 97.036) in the Cash Management Improvement Act (CMIA) Treasury-State agreement and the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP) Policy and Procedures Manual (PPM).

**Response:**

GOHSEP management concurs with the finding. Compliance with the drawdown patterns and reporting requirements established in the Treasury-State agreement is a requirement for the Public Assistance Program.

**Corrective Action:**

Additional staff has been hired and employees have been cross-trained on the requirements of the Treasury-State agreement. OSRAP has been consulted and has provided clarification to GOSHEP staff on key components of the agreement and reporting requirements. Research is conducted daily to ensure draws are completed timely and the approval process for drawing funds has been revised to verify draws are correct prior to processing. Additional training has been conducted on the proper preparation of monthly reports submitted to OSRAP and an additional approval has been added to ensure interest is calculated correctly and all relevant transactions are included.

Mr. Daryl G. Purpera, CPA  
Page Number 2  
January 28, 2010

I thank you for providing this information on GOHSEP's noncompliance with the CMIA Treasury-State agreement.

If you have any questions or need further assistance, please contact me at (225) 925-7345 or our Internal Auditor, Bruce J. Janet at (225) 922-1479.

Sincerely,



Mark A. Cooper

MAC:BJJ

cc: Mark Riley



**BOBBY JINDAL**  
GOVERNOR

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

**MARK A. COOPER**  
DIRECTOR

February 11, 2010

Mr. Daryl G. Purpera, CPA  
Temporary Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Letter dated January 29, 2010  
Deficiencies in Internal Control over Payroll

Dear Mr. Purpera:

I have reviewed the finding in the letter dated January 29, 2010 from your office, which covers activities of the Governor's Office of Homeland Security and Emergency Preparedness for Fiscal Year 2009.

In accordance with your guidance, we are providing separate letters for each of the findings.

**Deficiencies in Internal Control over Payroll**

**Finding:** For the third consecutive year, the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) did not maintain adequate internal control over payroll processing.

**Response:**

GOHSEP management concurs with the finding that the agency must maintain and ensure enforcement of adequate internal controls over payroll processing.

**Corrective Action:**

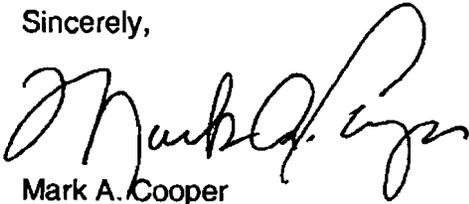
The agency developed a new policy entitled "HR-0003, Time, Attendance and Work Hours", which replaced the previous policy versions of Leave and Work Hours, and is applicable to all employees, which incorporates Louisiana Employees Online for any attendance and leave requests. Training was conducted by Human Resources for all employees on the proper procedures to use for requesting and documenting attendance and leave. Internal audit procedures were enhanced to ensure time entry and payroll disbursements are accurate. Additional training of Human Resource staff and section time keepers has been conducted on the proper procedures regarding time and attendance with refresher training conducted quarterly.

Mr. Daryl G. Purpera, CPA  
Page 2  
February 11, 2010

I thank you for providing this information on GOHSEP's deficiencies in internal control over payroll.

If you have any questions or need further assistance, please contact me at (225) 925-7345 or our Internal Auditor, Bruce Janet at (225) 922-1479.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Cooper". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Mark A. Cooper

MAC:BJJ

cc: Mark Riley



BOBBY JINDAL  
GOVERNOR

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

MARK A. COOPER  
DIRECTOR

February 15, 2010

Mr. Daryl G. Purpera, CPA  
Temporary Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Letter dated January 29, 2010  
Lack of Controls to Ensure Completeness of Quarterly Progress Reports

Dear Mr. Purpera:

I have reviewed the finding in the letter dated January 29, 2010 from your office, which covers activities of the Governor's Office of Homeland Security and Emergency Preparedness for Fiscal Year 2009.

In accordance with your guidance, we are providing separate letters for each of the findings.

**Lack of Controls to Ensure Completeness of Quarterly Progress Reports**

**Finding:** The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) has not implemented adequate internal controls to ensure that quarterly progress reports submitted to the Federal Emergency Management Agency (FEMA) for the Hazard Mitigation Grant Program (CFDA 97.039) include all subgrantees and projects.

**Response:**

GOHSEP management concurs that the agency should ensure that quarterly progress reports submitted to FEMA for the Hazard Mitigation Grant Program include all subgrantees and projects.

**Corrective Action:**

The Mitigation Section leadership has placed increased emphasis on Disaster Recovery Specialists (DRSs) and Team Leaders regarding quarterly reports, and the timely submission of these reports by applicants. Management has stressed the importance of timely submission to Group and Team Leaders at the Section's weekly staff meeting. Furthermore, DRSs have reminded their applicants that all processing of payments to delinquent subgrantees will halt, until a current, up to date quarterly report is received. DRSs will coordinate with their applicants as the end of a quarter approaches in order to remind them of the quarterly report deadline. A grace period of 10 business days will be given to the subgrantees, following the close of the quarter, before a report is considered delinquent. At the conclusion of the 10 day grace period,

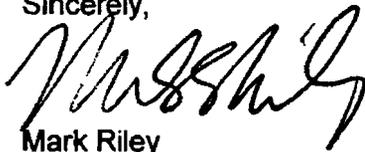
Mr. Daryl G. Purpera, CPA  
Page Number 2  
February 15, 2010

subgrantees will be notified in writing of the decision to halt payment processing, which will occur 30 days following the end of the reporting quarter. Payments will not be processed until an up to date report has been submitted. In addition, management has implemented a Quarterly Report reconciliation spreadsheet that mirrors the Grant Data spreadsheet in order to track approved/obligated projects with their quarterly reports. This will ensure that all applicant quarterly reports are included in the quarterly submission made to FEMA and that no future reports to FEMA will be submitted with missing reports.

I thank you for providing this information on GOHSEP's lack of controls to ensure completeness of quarterly progress reports to FEMA for the Hazard Mitigation Grant Program.

If you have any questions or need further assistance, please contact me at (225) 925-7345 or our Internal Auditor, Bruce J. Janet at (225) 922-1479.

Sincerely,



Mark Riley  
Chief of Staff

MR:bjj