

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



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED DECEMBER 10, 2014

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 10, 2014

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives
Mr. Kevin Davis, Director,
Governor's Office of Homeland Security
and Emergency Preparedness

Dear Senator Alario, Representative Kleckley, and Mr. Davis:

This report includes the results of the procedures we performed at the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) for the period from July 1, 2013 through June 30, 2014, to evaluate its accountability over public funds. The procedures are a part of our audit of the state of Louisiana's financial statements and the Single Audit of the State of Louisiana for the year ended June 30, 2014. I hope the information in this report will assist you in your legislative and operational decision-making processes.

We would like to express our appreciation to the management and staff of GOHSEP for their assistance during our work.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

LMN:NM:EFS:THC:aa

GOHSEP 2014

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Governor's Office of Homeland Security and Emergency Preparedness

December 2014

Audit Control # 80140057

Introduction

As a part of our audit of the state of Louisiana's financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2014, we performed procedures at the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) to provide assurances on financial information that is significant to the state of Louisiana's financial statements; evaluate the effectiveness of GOHSEP's internal controls over financial reporting and compliance; and determine whether GOHSEP complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct findings reported in the prior year.

GOHSEP is an office within the Executive Department with a mission to lead and support Louisiana and its citizens in the preparation for, response to, and recovery from all emergencies and disasters. GOHSEP administers the Public Assistance and Hazard Mitigation federal programs.

Results of Our Procedures

Follow-Up on Prior-Year Findings

Our auditors reviewed the status of the prior-year findings reported in a management letter dated December 2, 2013. We determined that management has resolved the prior-year findings related to inadequate preparation of federal schedules and inadequate identification of federal award information to subrecipients.

Financial Statements - State of Louisiana

As a part of our audit of the state of Louisiana's financial statements for the year ended June 30, 2014, we considered internal control over financial reporting and examined evidence supporting GOHSEP's non-payroll expenditures, federal revenue, receivables, payables, unearned revenue, and prepayments, including critical information systems and related user controls. Our audit included tests of GOHSEP's compliance with laws and regulations that could have a direct and material effect on the financial statements, as required by *Government Auditing Standards*.

Based on the results of these procedures on the financial statements, we did not report any internal control deficiencies or non-compliance with laws or regulations. In addition, the account balances and classes of transactions tested are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit of the State of Louisiana for the year ended June 30, 2014, we performed internal control and compliance testing on the Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) and the Hazard Mitigation Grant (CFDA 97.039) federal programs, as required by the Office of Management and Budget (OMB) Circular A-133. Those tests included evaluating the effectiveness of GOHSEP's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether GOHSEP complied with applicable program requirements.

In addition, we performed procedures on GOHSEP's Schedule of Expenditures of Federal Awards (Schedule 8), Summary Schedule of Prior Federal Audit Findings (Schedule 8-3), and Schedule of Non-State Subrecipients of Major Federal Programs (Schedule 8-4), as required by OMB Circular A-133.

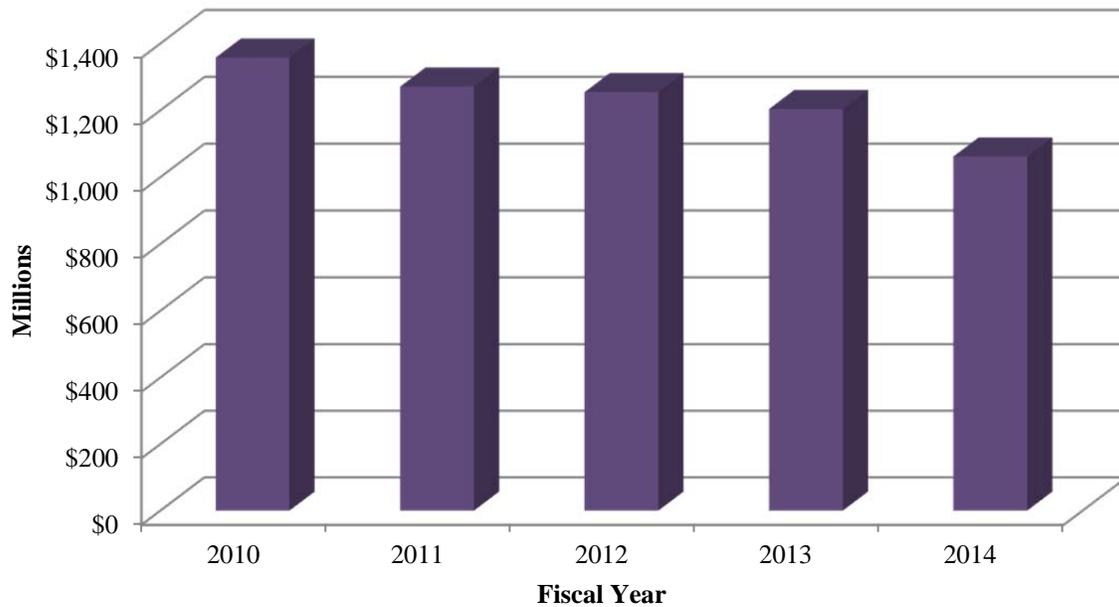
Based on the results of those procedures, we did not report any internal control deficiencies or non-compliance with program requirements. In addition, GOHSEP's Schedule 8, Schedule 8-3, and Schedule 8-4, as adjusted, are materially correct.

Trend Analysis

We compared the most current- and prior-year financial activity using GOHSEP's annual fiscal reports and/or system-generated reports and obtained explanations from GOHSEP management for any significant variances. We also prepared an analysis of federal revenues and federal expenditures over the last five years.

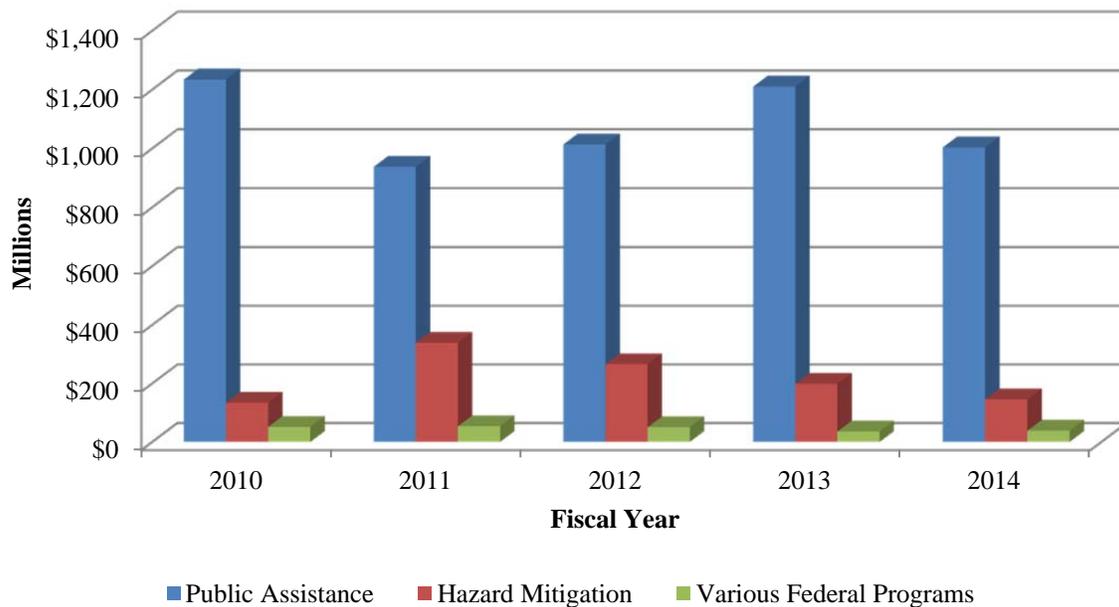
In analyzing financial trends of GOHSEP, federal revenue has steadily declined over the past five years because of the life cycle of the grant awards and the completion of projects related to past major disasters, such as hurricanes Katrina, Rita, and Gustav. Federal expenditures fluctuate from year to year depending on declared disasters as well as the timing of applicants' reimbursement requests. There were no declared disasters in fiscal year 2014.

**Exhibit 1
Federal Revenue Five-Year Trend**



Source: Fiscal year 2010-2014 GOHSEP Annual Fiscal Reports

**Exhibit 2
Federal Expenditures Five-Year Trend**



Source: Fiscal year 2010-2014 GOHSEP Annual Fiscal Reports

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) for the period from July 1, 2013 through June 30, 2014, to provide assurances on financial information significant to the state of Louisiana and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The procedures included inquiry, observation, and review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the state of Louisiana's financial statements and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2014.

- We evaluated GOHSEP's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to GOHSEP.
- Based on the documentation of GOHSEP's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain GOHSEP account balances and classes of transactions to support our opinions on the state of Louisiana's financial statements.
- We performed procedures on the Disaster Grants - Public Assistance (Presidentially Declared Disasters) and Hazard Mitigation Grant federal programs for the year ended June 30, 2014 to support the 2014 Single Audit.
- We compared the most current- and prior-year financial activity using GOHSEP's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from GOHSEP management for significant variances.

The purpose of this report is solely to describe the scope of our work at GOHSEP and not to provide an opinion on the effectiveness of GOHSEP's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.

We did not audit or review GOHSEP's Annual Fiscal Report and, accordingly, we do not express an opinion on that report. GOHSEP's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.