

GOVERNOR'S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
HAZARD MITIGATION GRANT PROGRAM
JANUARY 2009 - MARCH 2009



AGREED-UPON PROCEDURES REPORT
ISSUED JUNE 10, 2009

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

LEGISLATIVE AUDIT ADVISORY COUNCIL
REPRESENTATIVE NOBLE E. ELLINGTON, CHAIRMAN

SENATOR NICHOLAS "NICK" GAUTREAUX
SENATOR WILLIE L. MOUNT
SENATOR EDWIN R. MURRAY
SENATOR BEN W. NEVERS, SR.
SENATOR JOHN R. SMITH
REPRESENTATIVE NEIL C. ABRAMSON
REPRESENTATIVE CHARLES E. "CHUCK" KLECKLEY
REPRESENTATIVE ANTHONY V. LIGI, JR.
REPRESENTATIVE CEDRIC RICHMOND

LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

DIRECTOR OF RECOVERY ASSISTANCE
JOHN L. MOREHEAD, 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. Six copies of this public document were produced at an approximate cost of \$17.22. 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. When contacting the office, you may refer to Agency ID No. 7430 or Report ID No. 52090005 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, Director of Administration, at 225-339-3800.

	Page
Independent Accountant's Report on the Application of Agreed-Upon Procedures	3
Management's Response	Appendix A



LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

May 14, 2009

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

MARK COOPER, DIRECTOR
GOVERNOR'S OFFICE OF HOMELAND
SECURITY AND EMERGENCY PREPAREDNESS
Baton Rouge, Louisiana

We have performed the procedures enumerated below under the agreed-upon procedures engagement for the Hazard Mitigation Grant, Pre-Disaster Mitigation, Flood Mitigation Assistance, Severe Repetitive Loss, and Repetitive Flood Claims Programs (collectively hazard mitigation programs) for the first quarter of 2009 (January 1 through March 31), which were requested and agreed to by you, primarily to assist in evaluating the operations of the state's hazard mitigation programs. The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) management is responsible for the day-to-day operations of the hazard mitigation programs. 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.

We reviewed 111 reimbursement requests totaling \$14,073,459 and supporting documentation as prepared by the GOHSEP disaster recovery specialists and the fiscal analysts. The procedures we performed and our findings are as follows:

Procedure: Verify that the sub-grantee submitted an SF 270 (Request for Advance or Reimbursement).

Finding: No exceptions noted.

Procedure: Review mathematical calculations performed by GOHSEP personnel.

Finding: No exceptions noted.

Procedure: Verify that the calculations are in accordance with funding parameters.

Finding: No exceptions noted.

Procedure: Verify that the invoices, billings, photographs of work, et cetera, provided by the sub-grantee support the request for reimbursement.

Finding: In 22 reviews, we were unable to verify that invoices, billings, or photographs of work supported the reimbursement request.

- We noted that one request for reimbursement lacked supporting documentation for \$500. The supporting invoice(s) submitted totaled \$6,054. The \$500 exception remains outstanding since supporting documentation was not provided prior to reporting.
- We noted that seven reimbursement requests lacked some contract information or documentation supporting procurement compliant with federal regulations resulting in exceptions totaling \$275,401. Subsequent to our review, GOHSEP personnel obtained the information and resubmitted the reimbursement requests for our review. We did not note any deficiencies in the subsequent reviews.
- We noted that five reimbursement requests lacked some documentation supporting the fair market value determination for property acquisitions resulting in exceptions totaling \$579,125. Subsequent to our review, GOHSEP personnel obtained supporting information and resubmitted the reimbursement requests for our review. We did not note any deficiencies in the subsequent reviews.
- We noted that four reimbursement requests lacked some invoices, receipts, or cancelled checks supporting the expenses submitted for reimbursement resulting in exceptions totaling \$105,781. Subsequent to our review, GOHSEP personnel obtained the information and resubmitted the reimbursement requests for our review. We did not note any deficiencies in the subsequent reviews.
- We noted that two reimbursement requests lacked some documentation supporting consideration of duplication of benefits for property acquisitions resulting in exceptions totaling \$96,705. Subsequent to our review, GOHSEP personnel obtained the information and resubmitted the reimbursement requests for our review. We did not note any deficiencies in the subsequent reviews.
- We noted that one reimbursement request lacked some documentation supporting procurement, contract information, and expenses submitted for reimbursement resulting in exceptions totaling \$20,179. Subsequent to our review, GOHSEP personnel obtained the information and resubmitted the reimbursement requests for our review. We did not note any deficiencies in the subsequent reviews.

- We noted that one reimbursement request lacked some documentation supporting completion of the phase of work submitted for reimbursement resulting in exceptions totaling \$89,607. Subsequent to our review, GOHSEP personnel obtained the information and resubmitted the reimbursement requests for our review. We did not note any deficiencies in the subsequent reviews.
- During the review of a request for reimbursement for a disaster prior to Hurricane Katrina, we were unable to verify that all prior payments were properly supported; therefore, we noted exceptions totaling \$1,807,539 for all prior payments. Subsequent to our review, GOHSEP personnel obtained the information and resubmitted the reimbursement requests for our review. We did not note any deficiencies in the subsequent reviews.

Procedure: Verify that previous payments are listed in block 11-h on the SF 270.

Finding: No exceptions noted.

Procedure: Verify the original signature of an authorized person on the SF 270.

Finding: No exceptions noted.

Procedure: Verify that the quarterly reporting is up-to-date.

Finding: No exceptions noted.

Procedure: Verify that the documented expenses and project progression correspond with the performance period.

Finding: No exceptions noted.

Procedure: Confirm that the work reflected by the documentation is within the scope approved for the grant.

Finding: We noted that \$22,800 of costs did not appear to be in the scope of work for two reimbursement requests. In addition, we noted that the expenses were not sufficiently monitored to prevent invoice duplication or to identify cost overruns. Subsequent to our reviews, GOHSEP personnel obtained documentation and resubmitted the requests for our review. That documentation indicated the exceptions were within the scope of work. See additional information on page 8.

Procedure: Verify that at least one site inspection has been conducted for each project that is more than 50% complete.

Finding: No exceptions noted.

Procedure: Verify that an end of performance period letter has been prepared and processed for projects ending in less than 90 days.

Finding: No exceptions noted.

Procedure: Verify that a final site inspection has been conducted for each project that is 100% complete.

Finding: In one review, we noted that the quarterly report indicated the project was complete. However, the file did not contain documentation indicating that a final site inspection had been conducted. Subsequent to our review, GOHSEP personnel obtained documentation and resubmitted the reimbursement request for our review. We did not note any deficiencies in the subsequent review.

Procedure: Verify that the fiscal analyst entered the current payment on the federal and state declining balance Excel spreadsheet.

Finding: No exceptions noted.

Procedure: Verify that the fiscal analyst entered the current payment on the mitigation payments Excel spreadsheet.

Finding: No exceptions noted.

Procedure: Verify that the fiscal analyst prepared a reimbursement statement for the sub-grantee.

Finding: No exceptions noted.

Procedure: Verify that the fiscal analyst prepared a transmittal for payment for the sub-grantee.

Finding: No exceptions noted.

Procedure: Verify that the fiscal analyst saved the reimbursement and transmittal documents in the sub-grantee's electronic folder.

Finding: No exceptions noted.

Procedure: Verify that the fiscal analyst placed a hard copy of the reimbursement and transmittal documents in the sub-grantee's file.

Finding: No exceptions noted.

Additional Information

When applying for HMGP funding for an acquisition or an elevation, the sub-grantee submits a detailed budget for each individual acquisition or elevation project to FEMA. A number of acquisition or elevation projects are packaged together and FEMA funds them based on the sum total of the individual budgets submitted. In the instance referenced in procedure 9, expenditures exceeded the individual budgets submitted to FEMA resulting in cost overruns for those properties.

Current GOHSEP policy is to fund individual cost overruns as long as the total funding for the package that contains the property has not been exhausted. If these cost overruns are reimbursed to the sub-grantee, the sub-grantee runs the risk of spending all grant funds before all of the acquisitions or elevations are complete. Should this occur, the sub-grantee has the responsibility to contact FEMA regarding revising the grant to remove the excess properties or allocate additional funds to complete them. However, there is no guarantee FEMA will revise the grant. Therefore, GOHSEP could be responsible for the overpayments if FEMA chooses not to revise the grant.

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 primarily for the information and use of GOHSEP. 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

JLS:JM:dl

HMGP1_3_09

This page is intentionally blank.

Management's Response



BOBBY JINDAL
GOVERNOR

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

MARK A. COOPER
DIRECTOR

May 29, 2009

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

RE: Draft Hazard Mitigation Grant Program Quarterly Report, First Quarter 2009

Dear Mr. Theriot:

We have received the draft report compiled by the Louisiana Legislative Auditor's Recovery Assistance Division reviewing the State's Hazard Mitigation Grant (HM) program for the first quarter of 2009 (January 1, 2009 through March 31, 2009). We concur in the report and will use it for training and to identify negative trends in the process. The report highlighted an issue dealing with having adequate justification in the file to support the scope of work and reimbursement. We have amended our Standard Operating Procedures to specifically address the issue of adequate documentation and to clarify the type and nature of the documentation that is necessary for reimbursement.

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 grant program.

Sincerely,

A handwritten signature in black ink, appearing to read "MSR", written over a white background.

Mark S. Riley
Acting Deputy Director

MSR:krs

cc: Mark A. Cooper, Director