

An Agreed-Upon Procedures Report on the
**GOVERNOR'S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
HAZARD MITIGATION PROGRAM**
JANUARY - JUNE 2015
September 30, 2015



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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

September 1, 2015

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

MR. KEVIN DAVIS, DIRECTOR
GOVERNOR'S OFFICE OF HOMELAND
SECURITY AND EMERGENCY PREPAREDNESS
Baton Rouge, Louisiana

We performed the procedures described on the following pages for the period January 1, 2015, through June 30, 2015, which were requested and agreed to by management of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), solely to assist GOHSEP management in evaluating the completeness and accuracy of documentation submitted by sub-grantees under the Hazard Mitigation (HM) program. GOHSEP management is responsible for the completeness and accuracy of documentation submitted by sub-grantees of the HM program.

This agreed-upon procedures engagement was conducted in accordance with the applicable attestation standards established by the American Institute of Certified Public Accountants and the applicable attestation standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of GOHSEP management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

OVERALL RESULTS

For the period January 1, 2015, through June 30, 2015, we evaluated the completeness and accuracy of 907 reimbursement requests totaling \$117,415,139 submitted by GOHSEP's disaster recovery specialists. As a result of our analyses, we noted exceptions totaling \$42,432,767 (36.14%) in 563 reimbursement requests. The following table presents the overall results of our analyses.

Exceptions				
Finding Type	Number of Occurrences	Exception Amount	Percent of Total Exceptions	Amount Resolved
Out of Scope	58	\$2,317,489	5.46%	\$889,630
Lack of Support	421	12,836,416	30.25	10,459,738
Procurement Not Documented	82	27,065,534	63.79	2,354,596
Ineligible Costs	1	8,328	0.02	3,240
Errors	1	205,000	0.48	205,000
Total	563	\$42,432,767		\$13,912,204

The following procedures and findings provide additional detail about the exceptions and resolved amounts based on five finding types: Out of Scope, Lack of Support, Procurement Not Documented, Ineligible Costs, and Errors.

PROCEDURES AND FINDINGS

Procedure: We confirmed that the work reflected in the reimbursement request is within the scope approved for the project and that the requested amount does not exceed the funding parameters.

Finding: We identified 58 reimbursement requests where \$2,317,489 of work was not within the approved scope of the project.

Through our subsequent analysis of 17 of those requests, we noted that the sub-grantees provided approved amended scopes of work to support \$889,630 (38.39%) of the exceptions noted for out of scope expenses.

Procedure: We confirmed that the requested amount is supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, HUD settlement statements, appraisals, elevation certificates, duplication of benefits verifications, engineer plans, inspection photographs, or other applicable documentation.

Finding: We identified 421 reimbursement requests where \$12,836,416 worth of expenses were not supported by sufficient documentation.

Through our subsequent analyses of 268 of those requests, we noted that either the requested amount was reduced or the sub-grantees provided sufficient documentation to support \$10,459,738 (81.48%) of the exceptions noted for lack of support.

Procedure: We confirmed that contracts and purchases totaling more than \$10,000 per vendor per calendar year comply with applicable federal and state procurement requirements.

Finding: We identified 82 reimbursement requests where we could not confirm if applicable procurement guidelines had been followed for purchases totaling \$27,065,534.

Through our subsequent analyses of 21 of those requests, we noted that either the requested amount was reduced or the sub-grantees provided additional documentation to support \$2,354,596 (8.7%) of the exceptions noted for unsupported procurement.

Procedure: We confirmed that the work reflected in the reimbursement request complies with applicable FEMA regulations and guidance.

Finding: As a result of this procedure, we identified one reimbursement request where we could not confirm if work totaling \$8,328 complied with FEMA regulations and guidance.

Through our subsequent analysis of that request, we noted that GOHSEP reduced the requested amount to resolve \$3,240 (38.9%) of the exception noted as ineligible.

Procedure: We confirmed that the Request for Reimbursement is mathematically accurate.

Finding: As a result of this procedure, we identified one reimbursement request that contained an error for purchases totaling \$205,000.

Through our subsequent analysis of that request, we noted that GOHSEP reduced the requested amount to resolve 100% of the exception noted as an error.

We were not engaged to and did not conduct an examination, the objective of which would be to express an opinion on documentation submitted by sub-grantees to support reimbursement of expenses eligible for funding through the HM programs or on GOHSEP's compliance with 44 CFR parts 13 and 206. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

This report is intended solely for the information and use of GOHSEP management and the Louisiana Legislature and is not intended to be and should not be used by anyone other than those parties. However, by provision of state law, this report is a public document and has been distributed to the appropriate public officials.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

BACKGROUND

GOHSEP's documentation review process begins when sub-grantees submit reimbursement requests and supporting documentation. The GOHSEP disaster recovery specialists review the requests and gather any additional documentation deemed necessary to fully support them. The disaster recovery specialists document the results of their reviews on requests for advance or reimbursement and then submit the forms and all supporting documentation to their team leads. After the team leads review the requests for advance or reimbursement and all supporting documentation, they submit them to the Louisiana Legislative Auditor's (LLA) document review team to be reviewed under our agreed-upon procedures engagement.

The LLA document review team analyzes the requests and supporting documentation to confirm the completeness and accuracy of documentation submitted by sub-grantees under the Hazard Mitigation program. Unsupported costs are considered exceptions and are reported.

The LLA document review team also documents exceptions in findings of review that are presented to GOHSEP management. When exceptions are noted, the requests and supporting documentation are returned to the GOHSEP disaster recovery specialists. GOHSEP management decides whether to correct the exceptions or fund the requests. If GOHSEP management decides to correct the exceptions, the disaster recovery specialists gather additional documentation to correct them. Then, LLA's document review team analyzes the additional documentation following the same agreed-upon procedures as the initial reviews. This process allows GOHSEP the opportunity to correct exceptions prior to final payment, thus eliminating questioned costs.

Appendix A

Management's Response



BOBBY JINDAL
GOVERNOR

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

KEVIN DAVIS
DIRECTOR

September 16, 2015

Daryl Purpera, CPA, CFE
Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, Louisiana 70804-9397

RE: Draft Hazard Mitigation – Agreed Upon Procedures
Hazard Mitigation Program – January 1, 2015 through June 30, 2015

Dear Mr. Purpera:

We have received the draft report compiled by the Legislative Auditor's Recovery Assistance Division reviewing the State's Hazard Mitigation Grant Program (HMGP) for the first half of 2015 (January 1, 2015 through June 30, 2015).

We continue to share these reports with our management group to assist them in identifying new training opportunities for our staff. Training and education remain a top priority for GOHSEP, and these reports are instrumental in assisting us in ensuring that both internal and external stakeholders are receiving proper guidance. We would also like to note that our review process necessitates that exceptions that management concurs with are required to be addressed before payment or project closeout.

Your reports continue to assist us in the improvement of our processes and provide important feedback which will assist us in achieving our 100% accuracy goal.

Sincerely,

A handwritten signature in blue ink, appearing to read "Casey Tingle".

Casey Tingle
Assistant Deputy Director
Hazard Mitigation

CT:ttw