

An Agreed-Upon Procedures Report on the
**GOVERNOR'S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
HAZARD MITIGATION PROGRAM
JANUARY - JUNE 2014**
Issued September 24, 2014



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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

August 22, 2014

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, 2014 through June 30, 2014, which were requested and agreed to by management of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), solely to assist you 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 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 either for the purpose for which this report has been requested or for any other purpose.

OVERALL RESULTS

For the period January 1, 2014 through June 30, 2014, we analyzed 741 reimbursement requests totaling \$46,123,301 along with supporting documentation to confirm that the reimbursement requests complied with federal and state guidelines and were sufficiently documented. We also analyzed 365 requests totaling \$24,649,723 that were analyzed in a prior period and were resubmitted by GOHSEP for subsequent analyses.¹

¹ Re-reviews of reimbursement requests that were returned to GOHSEP disaster recovery specialists because of some deficiency in documentation identified by our review.

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: As a result of this procedure, we identified three reimbursement requests where \$605,314 of work was not within the approved scope of the project. Our subsequent analysis of one of those requests noted that the sub-grantee provided sufficient documentation to support \$4,490 (1%) of the \$605,314.

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: As a result of this procedure, we identified 238 reimbursement requests that were not supported by sufficient documentation. The value of the unsupported work totaled \$14,569,397.

Our subsequent analyses of 109 of the 238 requests noted that the sub-grantees provided sufficient documentation to support \$5,181,451 (36%) of the \$14,569,397. As a result of our subsequent analyses, we also noted additional unsupported costs of \$468,305.

In addition, through our subsequent analyses of 223 requests initially analyzed in a prior period, we found that the sub-grantees provided sufficient documentation to support \$5,211,844 of the previously noted unsupported costs. However, our subsequent analyses of the additional documentation revealed additional unsupported costs of \$613,627.

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: As a result of this procedure, we identified 14 reimbursement requests where we could not determine if applicable procurement guidelines had been followed. The value of the items that lack proper procurement documentation is \$634,538.

Our subsequent analyses of eight of the 14 requests noted that the sub-grantees provided sufficient documentation to support \$196,262 (31%) of the \$634,538. However, our subsequent analyses of the additional documentation revealed \$15,670 worth of items that lacked procurement documentation.

In addition, our subsequent analyses of four requests initially analyzed in a prior period found that the sub-grantees provided sufficient procurement documentation to support \$61,717 of the previously noted exceptions.

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 two reimbursement requests where \$242 of work did not comply with FEMA regulations and guidance. Our subsequent analyses of those requests noted that the sub-grantees provided sufficient documentation to support the entire amount.

Procedure: We confirmed that the Request for Advance or Reimbursement (SF 270) is mathematically accurate.

Finding: As a result of this procedure, we identified three reimbursement requests that contained math errors totaling \$15,501.

Our subsequent analysis of one of those requests noted that the sub-grantee provided corrections totaling \$15,500 (99%) of the \$15,501.

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

DGP/ch

GOHSEP-HMGP 2014-1

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 the requests. The disaster recovery specialists document the results of the reviews on requests for advance or reimbursement and then submit the forms and all supporting documentation to their team leads. The team leads conduct a review and then submit the requests for advance or reimbursement and all supporting documentation 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 12, 2014

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, 2014 through June 30, 2014

Dear Mr. Purpera:

We have received the draft report compiled by the Legislative Auditor's Recovery Assistance Division for the referenced period. The service provided by the Recovery Assistance Division are pursuant to an Agreed Upon Procedures process designed to assist this office to ensure that reimbursement payments under the Hazard Mitigation program are made only for eligible expenses that are properly documented. As a result of your reviews under the Agreed Upon Procedures process we are able to avoid making reimbursements that may be questioned at a later date.

We note that any costs that are questioned as a result of the review by the Recovery Assistance Division are resolved prior to actual payment or project closeout. Additionally we use the reviews to identify trends in staff reviews and to develop training programs to enhance the skills of our staff. These reports are instrumental in assisting us in providing proper guidance to both internal and external stakeholders.

The report is a summary of the daily interactions between our respective staffs as part of the grants management process and reflects the success of that interaction to ensure proper reimbursements. Your reports continue to assist us in the improvement of our processes and provide important feedback which will assist us in maintaining our 100% accuracy goal.

Sincerely,

A handwritten signature in blue ink, appearing to read "MSR", written over a light blue circular stamp.

Mark S. Riley
Deputy Director

MSR:sdm