

An Agreed-Upon Procedures Report on the
**GOVERNOR'S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
PUBLIC ASSISTANCE PROGRAM
JULY 2013 - DECEMBER 2013**
Issued March 26, 2014



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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

March 5, 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 enumerated below, which were agreed to by the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) management, solely to assist GOHSEP management in evaluating the completeness and accuracy of documentation submitted by sub-grantees under the Public Assistance (PA) program, during the period July 1, 2013 through December 31, 2013. GOHSEP management is responsible for the completeness and accuracy of documentation submitted by sub-grantees of the PA 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 of America. 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

We evaluated the completeness and accuracy of 3,993 expense reimbursements, submitted by GOHSEP's disaster recovery specialists, totaling \$716,190,994. As a result of our analyses, we noted exceptions totaling \$36,058,605. The following table presents the overall results of our analyses.

Exceptions by Finding Type				
Work Type	Amount Analyzed	Exception Amount	Percent of Total Analyzed	Reference
Contract	\$675,167,962	\$31,329,788	4.4%	p. 2
Force Account Labor	19,433,211	1,950,188	0.3%	p. 3
Force Account Equipment	6,149,201	739,875	0.1%	p. 4
Materials	14,588,792	1,747,160	0.2%	p. 5
Rented Equipment	851,828	291,594	0.04%	p. 6
Total	\$716,190,994	\$36,058,605		

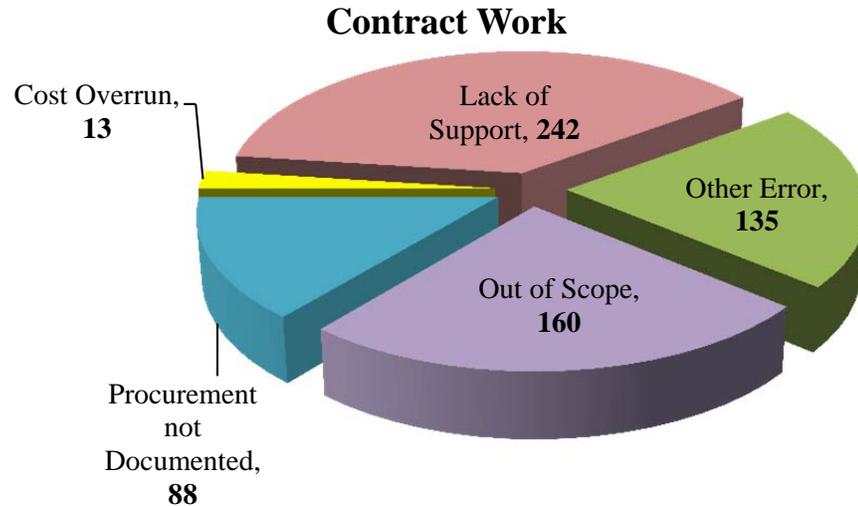
Procedures and Findings

PROCEDURE: When the work undertaken by the sub-grantee was accomplished through the use of contractors, we confirmed whether:

- (1) documentation provided was for work contained in the scope of work for that project;
- (2) line items and/or project cost over-runs that were within the scope of the project worksheets were identified;
- (3) costs listed on the contract summaries were supported with invoices, receipts, lease agreements, and/or contracts; and
- (4) each contract totaling \$10,000 or more was procured in accordance with federal and/or state laws.

FINDING: As a result of our procedures, we analyzed 3,098 expense reimbursements totaling \$675,167,962 where the work was accomplished by a contractor.

We confirmed that 2,572 of the 3,098 expense reimbursements were complete and accurate. However, we noted exceptions totaling \$31,329,788 (4.6%) in 526 expense reimbursements. We grouped the exceptions from the 526 expense reimbursements as indicated in the following chart:



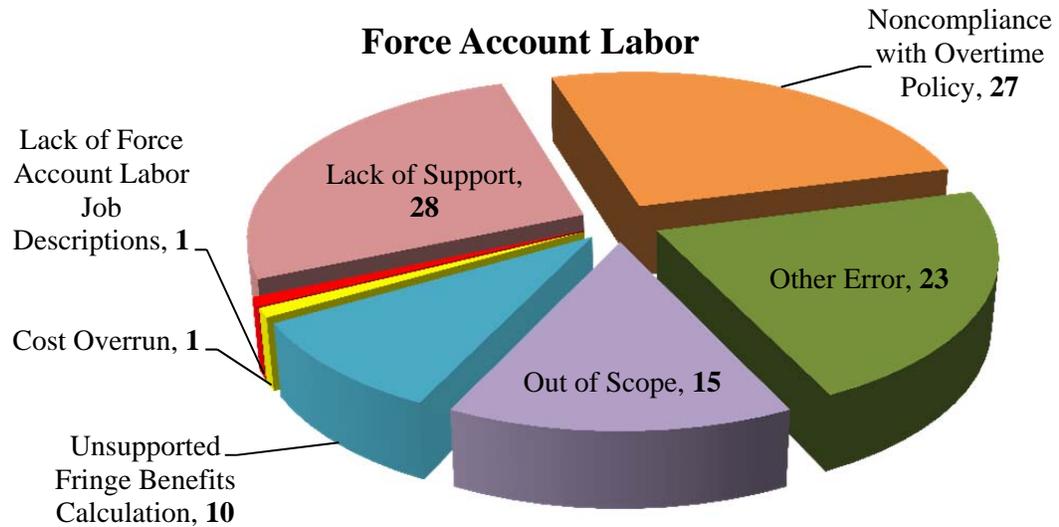
Since an expense reimbursement may have contained multiple exceptions, there are more exceptions than expense reimbursements.

PROCEDURE: When the work undertaken by the sub-grantees was accomplished through the use of the sub-grantees' employees, we confirmed whether:

- (1) documentation provided was for work contained in the scope of work for that project;
- (2) line items and/or project cost over-runs that were within the scope of the project worksheets were identified;
- (3) a disaster-related job description for each employee was listed on the force account labor summaries;
- (4) employee hours listed on the force account labor summaries were in accordance with the sub-grantees' overtime policies and that only hours spent conducting work that was a direct result of the disaster were claimed for reimbursement; and
- (5) fringe benefit calculations included only eligible elements and were mathematically accurate.

FINDING: As a result of our procedures, we analyzed 285 expense reimbursements totaling \$19,433,211 where the work was accomplished using the sub-grantee's employees.

We confirmed that 216 of the 285 expense reimbursements were complete and accurate. However, we noted exceptions totaling \$1,950,188 (10.0%) in 69 expense reimbursements. We grouped the exceptions from the 69 expense reimbursements as indicated in the following chart:



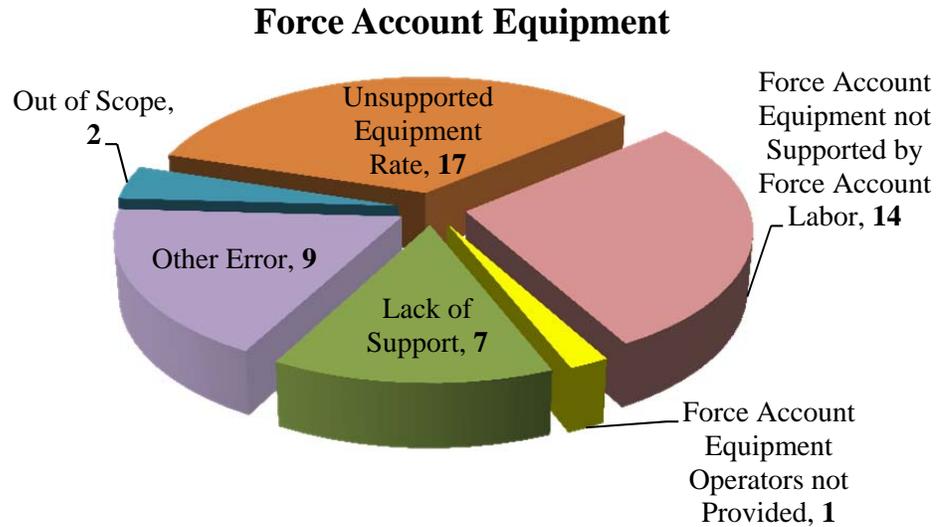
Since an expense reimbursement may have contained multiple exceptions, there are more exceptions than expense reimbursements.

PROCEDURE: When the work undertaken by the sub-grantees was accomplished through the use of the sub-grantees' equipment, we confirmed whether:

- (1) documentation provided was for work contained in the scope of work for that project;
- (2) line items and/or project cost over-runs that were within the scope of the project worksheets were identified;
- (3) an operator was listed for each piece of equipment contained in the force account equipment summaries;
- (4) equipment hours claimed on the force account equipment summaries agreed with the employee hours claimed on the force account labor summaries; and
- (5) equipment rates used in calculating the reimbursement amount were in accordance with the FEMA equipment rate schedule or a locally adopted and approved equipment rate schedule.

FINDING: As a result of our procedures, we analyzed 151 expense reimbursements totaling \$6,149,201 where the work was accomplished by using the sub-grantee's equipment.

We confirmed that 116 of the 151 expense reimbursements were complete and accurate. However, we noted exceptions totaling \$739,875 (12.0%) in 35 expense reimbursements. We grouped the exceptions from the 35 expense reimbursements as indicated in the following chart:



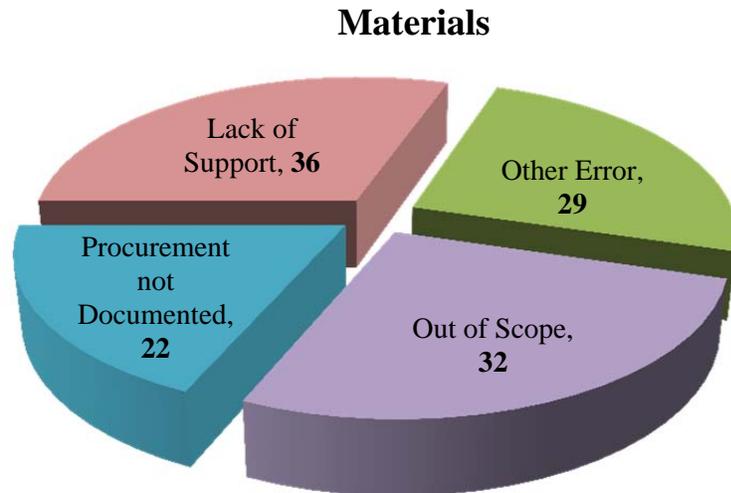
Since an expense reimbursement may have contained multiple exceptions, there are more exceptions than expense reimbursements.

PROCEDURE: When the sub-grantees purchased or used materials from inventory to accomplish the work detailed in the scope of the project worksheets, we confirmed whether:

- (1) documentation provided was for work contained in the scope of work for that project;
- (2) line items and/or project cost over-runs that were within the scope of the project worksheets were identified;
- (3) costs listed on the material summaries were supported with invoices, receipts, lease agreements, and/or contracts; and
- (4) material purchases totaling \$10,000 or more were procured in accordance with federal and/or state laws.

FINDING: As a result of our procedures, we analyzed 408 expense reimbursements totaling \$14,588,792 where sub-grantees used materials from inventory or purchased materials to accomplish the work.

We confirmed that 323 of the 408 expense reimbursements were complete and accurate. However, we noted exceptions totaling \$1,747,160 (12.0%) in 85 expense reimbursements. We grouped the exceptions from the 85 expense reimbursements as indicated in the following chart:



Since an expense reimbursement may have contained multiple exceptions, there are more exceptions than expense reimbursements.

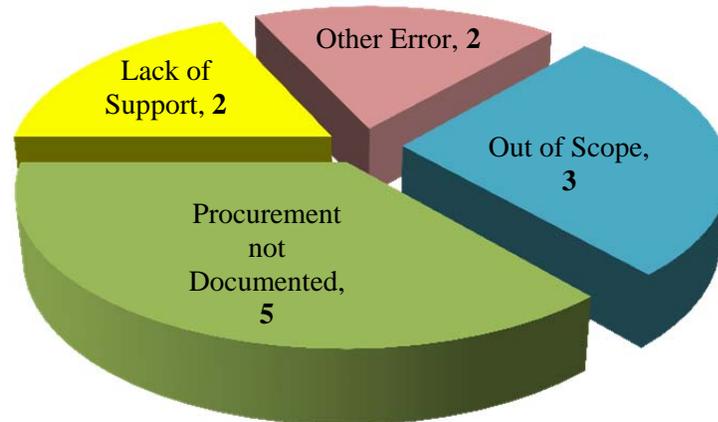
PROCEDURE: When the work undertaken by the sub-grantees was accomplished through the use of rented equipment, we confirmed whether:

- (1) documentation provided was for work contained in the scope of work for that project;
- (2) line items and/or project cost over-runs that were within the scope of the project worksheets were identified;
- (3) costs listed on the rented equipment summaries were supported with invoices, receipts, lease agreements, and/or contracts; and
- (4) equipment purchases totaling \$10,000 or more were procured in accordance with federal and/or state laws.

FINDING: As a result of our procedures, we analyzed 51 expense reimbursements totaling \$851,828 where the sub-grantees used rented equipment to accomplish the work.

We confirmed that 41 of the 51 expense reimbursements were complete and accurate. However, we noted exceptions totaling \$291,594 (34.2%) in 10 expense reimbursements. We grouped the exceptions from the 10 expense reimbursements as indicated in the following chart:

Rented Equipment



Since an expense reimbursement may have contained multiple exceptions, there are more exceptions than expense reimbursements.

PROCEDURE: We confirmed that the reimbursement requests and the parish/local certification documents were dated on or after the creation of the project worksheets.

FINDING: As a result of our procedure, we analyzed the parish/local certifications and Memorandums of Understanding (MOUs) for the 3,644 project worksheets that were submitted. We noted that the date was incorrect on 14 of the certifications or MOUs.

Technical Assistance Contractor Invoice Review

Currently, GOHSEP has technical assistance contracts with Witt O'Brien's, Deloitte, Sides and Associates, and GCR Inc. to assist with the administration of the PA program.

PROCEDURE: We confirmed that the Witt O'Brien's invoices:

- (1) were submitted in accordance with the contractual guidelines;
- (2) had all the required signatures;
- (3) were submitted within the required time period; and
- (4) were supported by subcontractor invoices, time records, and receipts.

FINDING: For the period July 1, 2013 through December 31, 2013, Witt O'Brien's presented 12 invoices¹ totaling \$5,616,084 to GOHSEP for payment. We noted that:

- (1) four of the 12 invoices were not submitted in accordance with the contractual guidelines;
- (2) all invoices contained the required signatures;
- (3) eight invoices were submitted more than 30 days after the billing period end date²; and
- (4) four of the 12 invoices contained exceptions totaling \$9,854.

Our subsequent review of the four invoices that contained exceptions and the supporting documentation revealed that GOHSEP employees gathered additional documentation that resolved all of the exceptions.

PROCEDURE: We confirmed that the Deloitte invoices:

- (1) were submitted in accordance with the contractual guidelines;
- (2) had all the required signatures;
- (3) were submitted within the required time period; and
- (4) were supported by subcontractor invoices, time records, and receipts.

FINDING: For the period July 1, 2013 through December 31, 2013, Deloitte presented 13 invoices totaling \$1,465,701 to GOHSEP for payment. We noted that:

- (1) three of the 13 invoices were not submitted in accordance with the contractual guidelines;
- (2) all invoices contained the required signatures;
- (3) all invoices were submitted within the required time period; and
- (4) three of the 13 invoices contained exceptions totaling \$174.

¹ Witt O'Brien's submits separate invoices for the Public Assistance program and the Hazard Mitigation Program once per month.

² Witt O'Brien's began a new contract term on August 24, 2013. The new contract does not require the contractor to submit the invoices within 30 days of the billing period end date. Four of the invoices were submitted under the new contract.

Our subsequent review of the three invoices that contained exceptions and the supporting documentation revealed that GOHSEP employees gathered additional documentation that resolved all of the exceptions.

PROCEDURE: We confirmed that the Sides and Associates invoices:

- (1) were submitted in accordance with the contractual guidelines;
- (2) had all the required signatures³;
- (3) were submitted within the required time period; and
- (4) were supported by subcontractor invoices, time records, and receipts.

FINDING: For the period July 1, 2013 through December 31, 2013, Sides and Associates presented 65 invoices totaling \$492,900 to GOHSEP for payment. We noted that:

- (1) eight of the 65 invoices were not submitted in accordance with contractual guidelines;
- (2) all invoices were submitted within the required time period; and
- (3) eight of the 65 invoices contained exceptions totaling \$3,536.

Our subsequent review of the eight invoices that contained exceptions and the supporting documentation revealed that GOHSEP employees gathered additional documentation that resolved \$2,918 of the exceptions.

PROCEDURE: We confirmed that the GCR Inc. invoices:

- (1) were submitted in accordance with the contractual guidelines;
- (2) had all the required signatures⁴;
- (3) were submitted within the required time period; and
- (4) were supported by subcontractor invoices, time records, and receipts.

³ The Sides and Associates contract does not require signatures, but indicates that the contractor's submission of each invoice constitutes a certification that all services have been fully performed and completed justifying the required payment.

⁴ The GCR Inc. contract does not require signatures, but indicates that the contractor's submission of each invoice constitutes a certification that all services have been fully performed and completed justifying the required payment.

FINDING: For the period July 1, 2013 through December 31, 2013, GCR Inc. presented six invoices totaling \$444,066 to GOHSEP for payment. We noted that:

- (1) two of the six invoices were not submitted in accordance with the contractual guidelines;
- (2) all invoices were submitted within the required time period; and
- (3) two of the six invoices contained exceptions totaling \$87.

Our subsequent review of the two invoices that contained exceptions and the supporting documentation revealed that GOHSEP employees gathered additional documentation that resolved all of the exceptions.

We were not engaged to and did not conduct an examination, the objective of which would be to express an opinion on the documentation submitted by the sub-grantees to support reimbursement of expenses eligible for funding through the PA program 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's management and the Louisiana Legislature and is not intended to be and should not be used by anyone other than those parties. By provisions 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/mk

PA JULY-DEC 2013

BACKGROUND

Our engagement with GOHSEP requires the Louisiana Legislative Auditor's (LLA) document review team to confirm the completeness and accuracy of documentation submitted by GOHSEP contractors and sub-grantees.

For documentation submitted by sub-grantees, GOHSEP's documentation review process begins when sub-grantees submit reimbursement requests and supporting documentation. 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 the reviews on expense review forms and then submit the forms and all supporting documentation (expense reimbursements) to their team lead. The team leads conduct a review then submit the expense reimbursements to the LLA document review team to be reviewed under our agreed-upon procedures engagement.

The LLA document review team analyzes the expense reimbursements and supporting documentation to confirm the completeness and accuracy of documentation submitted by sub-grantees under the Public Assistance (PA) 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 expense reimbursements 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.

The LLA document review team analyzes contractor invoices for completeness and accuracy for the following contractors.

- Witt O'Brien's whose primary tasks are assisting the State in delivering the PA program and assisting sub-grantees in maximizing grant opportunities. Specific contract responsibilities include providing program guidance, assisting sub-grantees in preparing and reviewing project worksheets, and analyzing information and documentation to assist in resolving problems.
- Deloitte who is tasked with assisting in developing business processes. Specific contract responsibilities include integration of grant management programs into the State accounting system, streamlining the PA reimbursement process, performing risk analyses, and developing management tools.

- Sides and Associates who provide assistance to GOHSEP with the development and delivery of its education and outreach initiatives related to Public Assistance, Hazard Mitigation, and Homeland Security - Emergency Preparedness programs. Sides and Associates also provide support to GOHSEP in strategic planning and direction, graphic design and production, message development, visual identity and consistency.
- GCR who is tasked with assisting the State closing out grant programs.

Appendix A

Management's Response



BOBBY JINDAL
GOVERNOR

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

KEVIN DAVIS
DIRECTOR

March 14th, 2014

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

RE: Draft Public Assistance Division Biannual Report
Public Assistance Program – July 1, 2013 – December 31, 2013

Dear Mr. Purpera:

We have received the draft report compiled by the Legislative Auditor's Recovery Assistance Division reviewing the State's Public Assistance (PA) program for Hurricanes Katrina, Rita, Gustav and Ike for the second half of 2013 (July 1, 2013 through December 31, 2013). We have noted the exceptions as identified in the report.

We would also like to note that we share these reports with our management group to assist them in identifying training opportunities for our staff. Training and education are top priorities 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 any exceptions identified within your report are required to be addressed before 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 "Mark DeBosier".

Mark DeBosier
Assistant Deputy Director – Public Assistance

MD:lbb