

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



AGREED-UPON PROCEDURES REPORT
ISSUED APRIL 21, 2010

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



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

March 3, 2010

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

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

We 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 fourth quarter of 2009 (October 1 through December 30), which were requested and agreed to by GOHSEP management, solely to assist you in reviewing documents submitted by sub-grantees in support of reimbursement claims. 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 154 reimbursement claims totaling \$23,750,854 and supporting documentation as prepared by the GOHSEP disaster recovery specialists and finance officers. The procedures we performed and our findings are as follows:

Procedure: Confirm 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 are accurate.

Finding: No exceptions noted.

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

Finding: We noted that the calculations were not in accordance with funding parameters for one reimbursement request totaling \$74,815. Subsequent to our review, GOHSEP personnel reviewed the calculations, obtained sufficient documentation to support funding parameters, and resubmitted the reimbursement claim. We did not note any deficiencies in our secondary review.

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

Finding: In nine reviews, we were unable to verify that invoices, billings, or photographs of work, et cetera, supported the reimbursement requests as follows:

- We noted that two reimbursement requests totaling \$63,086 contained \$59,842 in expenditures that lacked competitive procurement documentation or a cost analysis to support cost reasonableness. These exceptions have not been resolved.
- We noted that seven reimbursement requests totaling \$497,059 contained \$261,042 in expenditures that were not fully supported. Subsequent to our review, GOHSEP personnel obtained sufficient documentation to support \$27,917 of the \$261,042 leaving an unsupported balance of \$233,125.

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

Finding: No exceptions noted.

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

Finding: We noted that the original SF 270 was not submitted for one reimbursement request totaling \$57,907. This exception has not been resolved.

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

Finding: No exceptions noted.

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

Finding: We noted that three reimbursement requests totaling \$160,294 contained \$159,163 in expenditures that did not correspond with the performance period. These exceptions have not been resolved.

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

Finding: No exceptions noted.

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

Finding: No exceptions noted.

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

Finding: We noted that an end of performance period letter was not submitted for one reimbursement request totaling \$74,815. Subsequent to our review, GOHSEP personnel obtained the end of performance period letter and resubmitted the reimbursement claim. We did not note any deficiencies in our secondary review.

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

Finding: No exceptions noted.

Procedure: Confirm that the finance officer entered the current payment on the federal and state declining balance Excel spreadsheet.

Finding: No exceptions noted.

Procedure: Confirm that the finance officer entered the current payment on the mitigation payments Excel spreadsheet.

Finding: No exceptions noted.

Procedure: Confirm that the finance officer prepared a reimbursement statement for the sub-grantee.

Finding: No exceptions noted.

Procedure: Confirm that the finance officer prepared a transmittal for payment for the sub-grantee.

Finding: No exceptions noted.

Procedure: Confirm that the finance officer saved the reimbursement and transmittal documents in the sub-grantee's electronic folder.

Finding: No exceptions noted.

Procedure: Confirm that the finance officer placed a hard copy of the reimbursement and transmittal documents in the sub-grantee's file.

Finding: No exceptions noted.

Additional Information

GOHSEP management asked us to provide an update on the exceptions, resulting from the lack of supporting documentation, noted in prior period reports. The following table summarizes those exceptions.

<u>Period</u>	<u>Total Exceptions</u>	<u>Exceptions Resolved</u>	<u>Remaining</u>
2 nd Qtr 08	\$1,236,049	\$105,060	\$1,130,989
3 rd Qtr 08	1,346,208	1,346,208	0
4 th Qtr 08	4,959,431	4,959,431	0
1 st Qtr 09	2,997,638	2,997,638	0
2 nd Qtr 09	467,564	9,802	457,762
3 rd Qtr 09	3,939,854	221,103	3,718,751
Total	<u>\$14,946,744</u>	<u>\$9,639,242</u>	<u>\$5,307,502</u>

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 solely for the information and use of GOHSEP management. However, 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
Legislative Auditor

JLS:JM:dl:ja

Management's Response



BOBBY JINDAL
GOVERNOR

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

MARK A. COOPER
DIRECTOR

March 5, 2010

Mr. Daryl G. Purpera, CPA
Temporary Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Management Responses to Hazard Mitigation Grants – Fourth Quarter 2009 report

Dear Mr. Purpera:

I have reviewed the findings in the fourth quarter 2009 report, from your office, which covers activities of the Hazard Mitigation Section, Governor's Office of Homeland Security and Emergency Preparedness for October, November and December 2009.

In accordance with your guidance, we are providing management's response to the findings that were not resolved by the end of the quarter.

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

Finding: In nine reviews, we were unable to verify that invoices, billings, or photographs of work, et cetera, supported the reimbursement requests as follows.

Response:

HM management concurs that at the time of this report, all exceptions and unsupported balances have not been reconciled.

Corrective Action:

The Mitigation Section leadership has implemented additional mandatory training regarding procurement. The emphasis is placed on providing the required documentation to demonstrate competitive procurement or a valid cost analysis that supports the sub-grantees decision regarding cost reasonableness. Additionally, focus will be placed on ensuring all proper documentation is available to support payment requests. This is the responsibility of the Disaster Recovery Specialists (DRSs) and Team Leaders. Furthermore, HM management will meet bi-monthly with the LLA assigned to the section to discuss findings, as they may occur. HM management will collaborate with the finance section to put in place a system for tracking payment request, by team and DRS, to assist in the location of deficient areas, in order to provide training to improve deficiencies.

Mr. Daryl G. Purpera, CPA
Page Number 2
March 5, 2010

Procedure: Confirm the original signature of authorized person is on the SF-270.

Finding: We noted that the original SF 270 was not submitted for one reimbursement request totaling \$57,907. This exception has not been resolved.

Response:

HM management concurs that at the time of this report, this exception has not been resolved.

Corrective Action:

The Mitigation Section leadership will emphasize the requirement of an original signature on all documents required to support requests for payments. This is a primary responsibility of the Disaster Recovery Specialists (DRSs) and Team Leaders. Also, HM management will meet bi-monthly with the LLA assigned to the section to discuss findings, as they may occur. HM management will collaborate with the finance section to put in place a system for tracking payment request, by team and DRS, to assist in the location of deficient areas, in order to provide training to improve deficiencies.

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

Finding: We noted three reimbursement requests totaling \$160,294 contained \$159,163 in expenditures that did not correspond with the performance period. These exceptions have not been resolved.

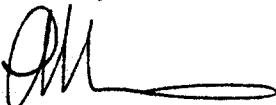
Response:

HM management concurs that at the time of this report, this exception has not been resolved.

Corrective Action:

The Mitigation Section leadership has prepared a memorandum for record that outlines GOHSEP's interpretation of FEMA guidance, 44 CFR part 13.50 and the implementation of guidance pertaining to the period of performance. Upon the approval of the Deputy Director of Disaster Recovery, this memo will be shared with the LLA. Additionally, this memo will be incorporated into the next revision of the HM section's Administrative plan update.

Sincerely,



Mark DeBosier
Deputy Director, Disaster Recovery

MD:JLG

cc: Mark Riley, Chief of Staff