

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



AGREED-UPON PROCEDURES REPORT
ISSUED DECEMBER 23, 2009

**LEGISLATIVE AUDITOR
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BATON ROUGE, LOUISIANA 70804-9397**

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

November 23, 2009

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 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 third quarter of 2009 (July 1 through September 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 180 reimbursement claims totaling \$17,695,141 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.

Finding

No exceptions noted.

Procedure

Confirm calculations are in accordance with funding parameters.

Finding:

No exceptions noted.

Procedure

Confirm that the invoices, billings, photographs of work, et cetera, provided by the subgrantee support the request for reimbursement.

Finding

In 54 reviews, we were unable to verify that invoices, billings, or photographs of work, et cetera, supported the reimbursement requests as follows:

- We noted that 31 reimbursement requests totaling \$7,157,140 contained \$3,405,956 in expenditures that lacked competitive procurement documentation or a cost analysis to support cost reasonableness. Subsequent to our review, GOHSEP personnel obtained sufficient documentation to support \$20,029 of the \$3,405,956 leaving an unsupported balance of \$3,385,927.
- We noted that 23 reimbursement requests totaling \$1,743,778 contained \$532,654 in expenditures that were not fully supported. Subsequent to our review, GOHSEP personnel obtained sufficient documentation to support \$78,129 of the \$532,654 leaving an unsupported balance of \$454,525.

Procedure

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

Finding

No exceptions noted.

Procedure

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

Finding

No exceptions noted.

Procedure

Confirm quarterly reporting is up-to-date.

Finding

We noted that the quarterly report was not up-to-date for four reimbursement requests totaling \$364,005. Subsequent to our review, GOHSEP personnel obtained the current quarterly report and resubmitted the reimbursement claim. We did not note any deficiencies in our secondary review.

Procedure

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

Finding

We noted that three reimbursement requests totaling \$116,932 contained \$1,244 in expenditures that did not correspond with the performance period. Subsequent to our review, GOSHEP personnel obtained sufficient documentation to support \$744 of the \$1,244 leaving an unsupported balance of \$500.

Procedure

Confirm 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

No exceptions noted.

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	<u>467,564</u>	<u>0</u>	<u>467,564</u>
Total	<u>\$11,006,890</u>	<u>\$9,408,337</u>	<u>\$1,598,553</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
 Temporary Legislative Auditor

JLS:JM:sr

Management's Response



BOBBY JINDAL
GOVERNOR

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

MARK A. COOPER
DIRECTOR

December 8, 2009

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

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

Dear Mr. Theriot:

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 third quarter of 2009 (July 1, 2009 through September 30, 2009).

The report reviewed eighteen (18) procedures for the HM program and identified findings in three (3) of those procedures, a decrease from last quarter of two (2). Two of the findings were related to DR 1437 Hurricane Lili and the HM staff is working vigorously with the applicant to produce the required documentation so that the particular grants in question can be worked to closing. The third finding was actually caught by the HM staff before disbursement was made.

We greatly appreciate the continued support of the Louisiana Legislative Auditor's 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 "MD", with a long horizontal flourish extending to the right.

Mark DeBosier
Deputy Director
Disaster Recovery

MD:ag

Cc: Mark A. Cooper, Director