

GOVERNOR'S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS  
HAZARD MITIGATION GRANT PROGRAM  
APRIL 2008 - JUNE 2008



AGREED-UPON PROCEDURES REPORT  
ISSUED NOVEMBER 19, 2008

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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the 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  
STEVE J. THERIOT, CPA

November 19, 2008

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 Program (HMGP) for the second quarter of 2008 (April 1 through June 30), which were requested and agreed to by the former director of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), primarily to assist in evaluating the operations of the state's HMGP. GOHSEP management is responsible for the day-to-day operations of HMGP. 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 34 reimbursement requests totaling \$2,795,439.20 and supporting documentation as prepared by the GOHSEP disaster recovery specialist and the finance officer. The procedures we performed and our findings are as follows:

1. Procedure - Verify that the sub-grantee has submitted an SF 270 (Request for Advance or Reimbursement)  
Finding - No exceptions noted.
2. Procedure - Review mathematical calculations performed by GOHSEP/HMGP personnel  
Finding - No exceptions noted.

3. Procedure - Verify that the calculations are in accordance with funding parameters  
Finding - During our review, we were unable to verify that \$55,005.04 of ineligible markups had been deducted from the current or prior reimbursement requests made by the sub-grantee. After GOHSEP management evaluated the risk associated with this issue and the current reimbursement request of \$395,896.27, management decided to process the reimbursement request without verification.
  
4. Procedure - Verify that the invoices, billings, photographs of work, et cetera, provided by the sub-grantee supports the request for reimbursement  
Finding - During our review, we noted that the documentation submitted by one sub-grantee did not support its \$105,059.55 reimbursement request. GOHSEP management is reviewing this issue and has not reimbursed the sub-grantee.
  
5. Procedure - Verify that previous payments are listed in block 11-h on the SF 270  
Finding - During our review, we were unable to verify that total program outlays to date, including prior reimbursements and advances, to a sub-grantee totaling \$10,900,000 had been fully documented before making any further reimbursements/advances to the sub-grantee. After GOHSEP management evaluated the risk associated with this issue and the current reimbursement request of \$395,896.27, management decided to process the reimbursement request without verification. Subsequent to this reporting period, sufficient supporting documentation was obtained for \$9,824,016 of the \$10,900,000 leaving an unsupported balance of \$1,075,984.
  
6. Procedure - Verify the original signature of an authorized person on the SF 270  
Finding - No exceptions noted.
  
7. Procedure - Verify that the quarterly reporting is up-to-date  
Finding - No exceptions noted.
  
8. Procedure - Verify that the documented expenses and project progression correspond with the performance period  
Finding - No exceptions noted.
  
9. Procedure - Confirm that the work reflected by the documentation is within the scope approved for the grant  
Finding - No exceptions noted.

10. Procedure - Verify that at least one site inspection has been conducted for each project that was more than 50% complete  
Finding - No exceptions noted.
11. Procedure - Verify that an end of performance period letter has been prepared and processed for projects ending in less than 90 days  
Finding - No exceptions noted.
12. Procedure - Verify that a final site inspection has been conducted for each project that was 100% complete  
Finding - No exceptions noted.
13. Procedure - Verify that the finance officer entered the current payment on the federal and state declining balance Excel spreadsheet  
Finding - No exceptions noted.
14. Procedure - Verify that the finance officer entered the current payment on the mitigation payments Excel spreadsheet  
Finding - No exceptions noted.
15. Procedure - Verify that the finance officer prepared a reimbursement statement for the sub-grantee  
Finding - No exceptions noted.
16. Procedure - Verify that the finance officer prepared a transmittal for payment for the sub-grantee  
Finding - No exceptions noted.
17. Procedure - Verify that the finance officer saved the reimbursement and transmittal documents in the sub-grantee's electronic folder  
Finding - No exceptions noted.
18. Procedure - Verify that the finance officer placed a hard copy of the reimbursement and transmittal documents in the sub-grantee's file  
Finding - No exceptions noted.

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 primarily for the information and use of GOHSEP. However, by provisions of state law, this report is a public document and has been distributed to the appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

JLS:JM:dl

HMGP4608

## Management's Response





**BOBBY JINDAL**  
GOVERNOR

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

**MARK A. COOPER**  
DIRECTOR

October 23, 2008

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

Re: Draft Hazard Mitigation Grant Program Quarterly Report, Second Quarter 2008

Dear Mr. Theriot:

We have received the draft report compiled by the Louisiana Legislative Auditor's Recovery Assistance Division reviewing the State's Hazard Mitigation Grant (HM) program for the second quarter of 2008 (April 1, 2008 through June 30, 2008). The efforts of the Legislative Auditor's Office, lead by John Moorehead and Steve Stephens, have been essential to this Agency's execution of a highly complex and regulatory program.

The report reviewed eighteen procedures for the HM program and identified findings in three of those procedures. In Procedures 3 and 5, findings were provided indicating that payments were made without full verification of the sub-grantee's request for reimbursement. The findings note that payments were made after GOHSEP management evaluated the risk associated with making payments that have not been fully verified. Occasionally, GOSHEP has determined that it is prudent to take such risk to ensure sub-grantees are able to make continuing progress on approved hazard mitigation grant projects. These decisions are made with a full review by management of the level of risk and a clear understanding with the sub-grantee that they will actively assist in completing the verification process. In Procedure 4, the finding notes a lack of supporting documentation for a \$105,000 reimbursement request. As noted in that finding, GOHSEP management is continuing to review the request and no payment has been made. In that the GOHSEP grants management staff in fact recognized the lack of documentation and made no disbursement, it is suggested that listing this as a finding may be inconsistent with the purpose of the review.

We greatly appreciate the continued support of the Louisiana Legislative Auditors 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 "Mark A. Cooper".

Mark A. Cooper  
Director