

DEPARTMENT OF MILITARY AFFAIRS
STATE OF LOUISIANA



MANAGEMENT LETTER

ISSUED JUNE 6, 2007

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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STEVE J. THERIOT, CPA

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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.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of \$17.28. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.lla.state.la.us. When contacting the office, you may refer to Agency ID No. 3354 or Report ID No. 06703128 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225-339-3800.



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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May 3, 2007

DEPARTMENT OF MILITARY AFFAIRS
STATE OF LOUISIANA
Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 2006, we considered the Department of Military Affairs' internal control over financial reporting and over compliance with requirements that could have a direct and material effect on a major federal program; we examined evidence supporting certain accounts and balances material to the State of Louisiana's financial statements; and we tested the department's compliance with laws and regulations that could have a direct and material effect on the State of Louisiana's financial statements and major federal programs as required by *Government Auditing Standards* and U.S. Office of Management and Budget Circular A-133.

The Annual Fiscal Report of the Department of Military Affairs is not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2006.

Inaccurate and Incomplete Annual Fiscal Report

The state Department of Military Affairs (SMD) did not submit an accurate and complete Annual Fiscal Report (AFR) to the Division of Administration by the prescribed due date. Louisiana Revised Statute (R.S.) 39:79 authorizes the commissioner of administration to establish the format for obtaining each agency's financial information. The Office of Statewide Reporting and Accounting Policy (OSRAP) designed an AFR to obtain this information and requires a signed affidavit from each agency that the financial statements present fairly the financial information of the agency. OSRAP uses the agency's AFR during its compilation of the state's comprehensive annual financial report. The completed SMD AFR was due and submitted to OSRAP on August 30, 2006. Good internal control includes establishing formal written procedures for compiling financial information included in the AFR and developing an adequate review process to ensure that the financial statements are accurately prepared and timely submitted.

The department's AFR that was submitted on August 30, 2006, included the following errors and omissions:

- The federal accounts receivable balance and allowance for uncollectible balance as reported on AFR Schedule 14 were materially understated. These balances were later restated through a joint effort between OSRAP and the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) employees. However, the restated amounts contained errors requiring significant audit adjustments totaling \$380 million for the accounts receivable balance and \$22 million for the allowance for uncollectible balance.
- AFR note G was submitted blank, materially understating the deferred revenue balance. This balance was later restated through a joint effort between OSRAP and GOHSEP employees. However, the restated amount contained errors requiring a significant audit adjustment totaling \$106 million.
- The accounts payable balance reported in note W was materially understated. SMD did not calculate the federal accounts payable for the Disaster Grants - Public Assistance program. The note required a significant audit adjustment totaling \$722 million.
- AFR Schedule 8-4 (Schedule of Non-State Agency/University Subrecipients of Major Programs) and Schedule 8-5 (Schedule of State Agency/University Subrecipients of All Federal Programs) were submitted blank. The schedules were not completed and provided to the auditors until January 16, 2007, over four months later than the OSRAP deadline. In addition, the completed schedules contained numerous errors that required adjustments.

Management did not place sufficient emphasis on ensuring that the AFR was properly prepared and reviewed for errors or omissions. Failure to submit an accurate and timely AFR to OSRAP could delay the compilation and issuance of the state's Comprehensive Annual Financial Report and could result in misstatements.

Management should develop systems and implement procedures to ensure that all required financial information is reported accurately and timely. Management concurred with the finding and outlined corrective action (see Appendix A, pages 1-2).

Noncompliance With Procurement and Suspension and Debarment Requirements

The SMD, in conjunction with GOHSEP, failed to comply with the procurement and suspension and debarment requirements for the Disaster Grants - Public Assistance program (CFDA 97.036). GOHSEP did not maintain documentation of proper, approved

purchase orders or contracts with required bids for some transactions that occurred between January 20, 2006, and May 10, 2006, resulting in questioned costs totaling \$264,912. In addition, neither SMD nor GOHSEP developed and implemented procedures to verify that vendors were not suspended or debarred before entering into transactions with those vendors.

In accordance with the Code of Federal Regulation (CFR) Title 44, Part 13, Section 36, Subpart (b), grantees and subgrantees should use their own procurement procedures that reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and the standards identified. In accordance with the Small Purchases Executive Order KBB 2004-30, purchases exceeding \$500 (or \$1,000 for LaCarte Procurement Card purchases), but less than \$5,000, require price quotations to be solicited from three or more bona fide, qualified vendors. In accordance with State Purchasing Regulations Chapter 5, Section 501, purchases exceeding \$5,000 should be made by sending out written invitations for bids to at least five responsible bidders, while purchases with estimated cost exceeding \$25,000 should be advertised in accordance with the Public Bid Law (R.S. 1594). Furthermore, in accordance with Circular A-102 (Common Rule) Grants and Cooperative Agreements with State and Local Governments, Section 1, part (d), agencies should establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs (EPLS) to ensure that they do not award assistance to listed vendors.

In our test of transactions included in the project worksheets for SMD and GOHSEP, we noted the following deficiencies:

- For five of 45 (11%) transactions tested, GOHSEP did not maintain required bid documentation, price quotations, or documentation of approved purchase orders or contracts.
- For two of 45 (4%) transactions tested, GOHSEP executed proper approved purchase orders or contracts but did not maintain required bid documentation or price quotations.
- Neither GOHSEP nor SMD developed and implemented procedures to check vendors against the EPLS.

Failure to comply with federal and state regulations by not maintaining proper bid documentation, approved purchase orders, or approved contracts increases the risk that the state may have spent federal funds without proper authorization or documentation. Failure to check vendors against the EPLS increases the risk that the state could contract with suspended or disbarred vendors. Both conditions result in noncompliance with state and federal regulations.

SMD and GOHSEP management should implement controls to ensure that purchases are supported by proper, approved contracts and purchase orders, executed only after obtaining proper bids, to ensure compliance with state and federal regulations. In

addition, management should develop and implement controls to ensure that vendor names are checked against the EPLS before procurement. Management of both SMD and GOHSEP concurred in part and outlined corrective action (see Appendix A, pages 3-7).

Noncompliance With Reporting Requirements

The SMD, in conjunction with GOHSEP, as the grantee of the Public Assistance Grant (CFDA 97.036), did not submit required quarterly Performance/Progress reports to the Federal Emergency Management Agency (FEMA), and as sub-grantees, did not submit some of the Quarterly Project Listing (P.4) reports into the Louisiana Public Assistance (LAPA) system.

In accordance with Exhibit C, Section 14.c (Disaster Grant Agreement Articles) of the FEMA-State Agreement, the grantee must submit performance/progress reports in compliance with each program identified under the FEMA-State Agreement to the FEMA Regional Office within 30 days after the end of the first federal quarter following the initial grant award. In addition, in accordance with the SMD/GOHSEP Disaster Recovery Manual Part II, Section E, each applicant is required to provide either an unsigned copy of each P.4 Report indicating the current status toward completing each project, or, in cases when all projects have been completed and all bills paid, a final P.4 Report, is to be submitted.

In our test of required reporting, we determined the following:

- For all four federal fiscal quarters, SMD/GOHSEP did not submit the required Performance/Progress report to FEMA. While GOHSEP employees contend an extension was granted by FEMA, no documentation was provided to us by either the state or FEMA Region VI.
- As a sub-grantee, GOHSEP did not submit required P.4 quarterly reports for quarters one and two for Hurricanes Katrina and/or Rita.

Failure to properly submit quarterly P.4 reports in LAPA increases the risk that the state will not be able to properly report to FEMA. Failure to submit the Performance/Progress report to FEMA is a violation of the FEMA-State Agreement and a weakness in the state's oversight and reporting responsibilities, which increases the risk of adverse consequences to the state.

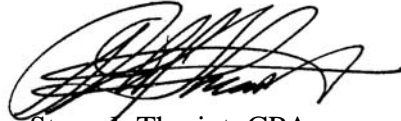
Management should implement procedures to ensure that the proper quarterly reports are filed and should contact the federal grantor agency to determine the action to be taken on past reports not submitted. GOHSEP and SMD management concurred with the finding and outlined corrective action (see Appendix A, pages 8-11).

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the department. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the

department should be considered in reaching decisions on courses of action. Findings relating to compliance with state and federal laws and regulations should be addressed immediately by management.

This letter is intended for the information and use of the department and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document and it has been distributed to appropriate public officials.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

BH:WDG:PEP:dl

MILITARY06

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Management's Corrective Action
Plans and Responses to the
Findings and Recommendations



DEPARTMENTS OF THE ARMY AND AIR FORCE

JOINT FORCE HEADQUARTERS-LOUISIANA
OFFICE OF THE ADJUTANT GENERAL
CAMP BEAUREGARD
PINEVILLE, LA 71360

March 8, 2007

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

Dear Mr. Theriot:

Reference Office of Legislative Auditor letter dated February 12, 2007 relating to a reportable audit finding for the Military Department. This letter is the official response to the finding titled "Inaccurate and Incomplete Annual Fiscal Report." The following four bullets from the finding are listed for reference.

- The federal accounts receivable balance and allowance for uncollectible balance as reported on AFR Schedule 14 were materially understated. These balances were later restated through a joint effort between OSRAP and the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) employees. However, the restated amounts contained errors requiring significant audit adjustments totaling \$380M for the accounts receivable balance and \$22M for the allowance for uncollectible balance.
- AFR Note G was submitted blank, materially understating the deferred revenue balance. This balance was later restated through a joint effort between OSRAP and GOHSEP employees. However, the restated amount contained errors requiring a significant audit adjustment totaling \$106M.
- The accounts payable balance reported in Note W was materially understated. SMD did not calculate the federal accounts payable for the Disaster Grants – Public Assistance program. The note required a significant audit adjustment totaling \$722M.
- AFR Schedule 8-4 (Schedule of Non-State Agency/University Subrecipients of Major Programs) and Schedule 8-5 (Schedule of State Agency/University Subrecipients of all Federal programs) were submitted blank. The schedules were not completed and provided to the auditors until January 16, 2007, over four months later than the OSRAP deadline. Additionally, the completed schedules contained numerous errors that required adjustments.

In response to the four bullets listed above, the following comments are submitted.

While the Military Department concurs with the finding, we make note of the fact that the late submissions and a great majority of the inaccurate data submitted were caused by the large volume of complex transactions created as a result of Hurricanes Katrina and Rita.

AFR Schedule 14, Note G and Note W (uncollected balances, deferred revenue and accounts payable) were reported according to the information in the ISIS system as of the end of year close period (15 Aug 07). Additional reporting requirements were not identified until after the AFR was submitted by the Office of Statewide Reporting. A meeting was scheduled to coordinate the compiling of the data needed to make the corrections (attended by and agreed to by the Legislative Auditors). As a result, data was compiled, corrections made, concurred and submitted as soon as possible.

The additional information required for the corrective action was located in the database at GOHSEP/JFO and took special programming to accumulate the data necessary for corrections.

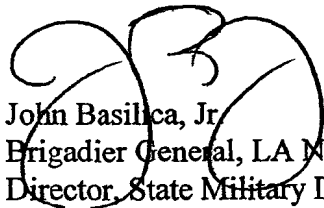
Points of contact for this finding are:

AFR Schedule 14: LTC Donald Burgess, (318) 641-3279

AFR Schedule 8-4 and 8-5: Miss Trina Davis, (225) 255-8784

If you have any questions or require further information, please contact COL John P. Catalanotte, Fiscal Manager, at (225) 319 4944.

Sincerely,



John Basilica, Jr.
Brigadier General, LA National Guard
Director, State Military Department

Enclosure



DEPARTMENTS OF THE ARMY AND AIR FORCE

JOINT FORCE HEADQUARTERS-LOUISIANA
OFFICE OF THE ADJUTANT GENERAL
CAMP BEAUREGARD
PINEVILLE, LA 71360

March 8, 2007

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

Dear Mr. Theriot:

Reference the Office of Legislative Auditor letter dated February 12, 2007, relating to a reportable audit finding for the Military Department. This letter is the official response to the finding titled "Noncompliance with Procurement and Suspension and Debarment Requirements." The following three bullets from the finding are listed for reference.

- For five of 45 (11%) transactions tested, GOHSEP did not maintain required bid documentation, price quotations, or documentation of approved purchase orders or contracts.
- For tow of 45 (4%) transactions tested, GOHSEP executed proper approved purchase orders or contracts, but did not maintain required bid documentation or price quotations.
- Neither GOHSEP nor SMD developed and implemented procedures to check vendors against the EPLS.

Discussion with Mr. Barrett Hunter indicates GOHSEP will respond to the first two bullets.

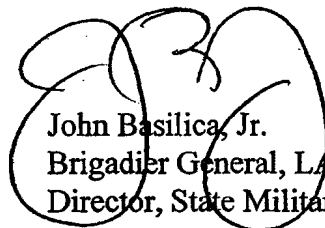
In response to the third bullet, the Military Department hereby submits a statement of concur in part.

Our reasons for the concur in part is that we were not aware it was a requirement to establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Non-procurement Programs (EPLS). The subject of EPLS has not surfaced in the past. With that said, please be assured the Louisiana Military Department is taking appropriate action to ensure all purchasing agents and fiscal personnel within our agency have a good understanding of the training for all procurement, property, and fiscal personnel. During January and February, training was completed at Gillis Long Facility and at Camp Beauregard. On 7 March 2007, the training will be conducted at our Camp Minden Facility. From this series of training events, we are revising our internal regulations to show any needed changes to ensure compliance with State Law and where required **Federal Acquisition Regulations (FAR)**. Our revised written procedures will outline procedures for the effective use of the List of Parties Excluded from Federal Procurement or Non-procurement programs.

"Inspired by the Past, Driven by the Future"

If you have any questions or require further information, please contact COL Clifford A. Oliver, Logistics Manager, (318) 382 4196.

Sincerely,

A handwritten signature in black ink, appearing to read "John Basilica, Jr.", is written over the typed name and title.

John Basilica, Jr.
Brigadier General, LA National Guard
Director, State Military Department



KATHLEEN BABINEAUX BLANCO
GOVERNOR

State of Louisiana

GOVERNOR'S OFFICE OF HOMELAND SECURITY AND EMERGENCY PREPAREDNESS

PERRY JEFF SMITH, JR., CPA
COLONEL (RETIRED)
ACTING DIRECTOR

March 13, 2007

Mr. Steve J. Theriot, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Letter dated February 12, 2007, Noncompliance with Procurement and Suspension and Debarment Requirements

Dear Mr. Theriot:

I have reviewed your report dated February 12, 2007. This report covers activities for fiscal year 2006. During the covered period, the Governor's Office of Homeland Security and Emergency Preparedness' predecessor organization, Louisiana Office of Homeland Security and Emergency Preparedness (LOHSEP), was a program under the State Military Department. The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) was created by legislative action in February 2006 and finalized on March 1, 2006.

Management Response

It was recognized from the beginning that the disbursement and accounting for billions of federal dollars would require extra measures to protect the State of Louisiana from future FEMA deobligations. It was this same level of concern for proper documentation that caused GOHSEP leadership to partner with the State Inspector General's office, the Louisiana Legislative Auditor's Office and the Office of the Attorney General of Louisiana. GOHSEP leadership took steps early on to insure that the proper documentation was obtained or that a report or explanation was generated to validate actions taken during the emergency phase of the disaster. Notwithstanding this effort, it is anticipated that there will be FEMA funds deobligated for various reasons. If only three to five percent is eventually deobligated, this will create a liability for the State of three hundred to five hundred million dollars over the length of the recovery.

In accordance with your instructions, we are hereby providing responses to each of your findings.

Noncompliance with Procurement and Suspension and Debarment Requirements

Finding: For 11% of transactions tested, GOHSEP did not maintain required bid documentation.

Response:

The reporting entity at the time of these findings was LOHSEP which was a program under the State Military Department. Documentation has been provided to Barrett Hunter with the Louisiana Legislative Auditor (LLA) resolving 4 of the 5 items cited in the findings. Additional information is being requested from LLA for the one remaining item. There are also non-compliance issues that remain outstanding from prior years. FEMA has tentatively determined that as much as thirty million dollars in hazard mitigation grants and almost one million dollars in administrative funds may have to be returned to FEMA. However, GOHSEP believes that these could best be answered by the State Military Department.

Future Action:

GOHSEP agrees with the need to properly procure contracts and to document the processes used.

GOHSEP has partnered with the State of Louisiana Procurement Office to establish over 200 pre-event contracts which are ready to be used. These contracts have been pre-bid and checked against the State of Louisiana's Approved Contract List.

Finding: For 2 of 45 or 4%, GOHSEP did not maintain proper bid documentation or price quotes.

Response:

GOHSEP has provided documentation of actions taken on these two items. GOHSEP has provided the LLA with an Attorney's opinion written for FEMA's review and accepted as a basis for not bidding one contract. The remaining item in question was a miscoded routine purchase of services that was properly procured.

LOHSEP was a department under the Louisiana State Military Department during the period under review. GOHSEP believes that any open issues could best be answered by the Louisiana State Military Department.

Action:

GOHSEP has partnered with the State of Louisiana Procurement Office to establish over 200 pre-event contracts which are ready to be used. These contracts have been pre-bid and checked against the State of Louisiana's Approved Contract List.

Mr. Steve Theriot
March 13, 2007
Page 3

Finding: Neither GOHSEP nor SMD developed a method of checking the EPLS.

Response:

LOHSEP was a department under the Louisiana State Military Department during the period under review. GOHSEP believes that any open issues could best be answered by the Louisiana State Military Department.

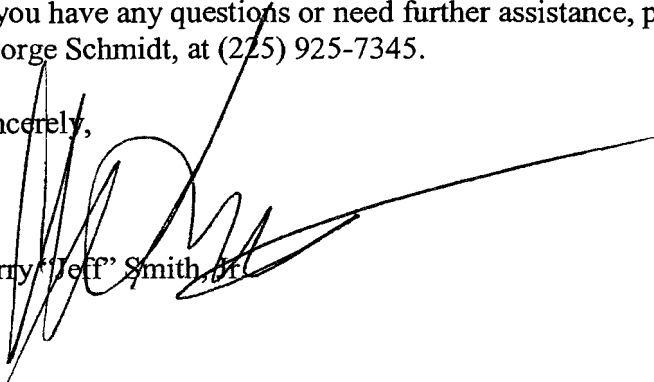
Action:

GOHSEP has partnered with the State of Louisiana Procurement Office to establish over 200 pre-event contracts which are ready to be used. These contracts have been pre-bid and checked against the State of Louisiana's Approved Contract List and the GSA EPLS List.

Thank you for providing this report of procurement procedures during the response to Hurricanes Katrina and Rita.

If you have any questions or need further assistance, please contact me or our Internal Auditor, George Schmidt, at (225) 925-7345.

Sincerely,


Perry "Jeff" Smith, Jr.



DEPARTMENTS OF THE ARMY AND AIR FORCE

JOINT FORCE HEADQUARTERS-LOUISIANA
OFFICE OF THE ADJUTANT GENERAL
CAMP BEAUREGARD
PINEVILLE, LA 71380

March 23, 2007

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

Dear Mr. Theriot:

Reference attached State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) letter dated March 13, 2007. The GOHSEP letter is in response to an Office of Legislative Auditor letter dated January 22, 2007, concerning a Louisiana Office of Homeland Security and Emergency Preparedness (LOHSEP) finding titled "Noncompliance with Reporting Requirements".

We have reviewed and concur with the response submitted by GOHSEP. If there are any other remaining LOHSEP issues we will provide responses after coordinating with GOHSEP.

If you have any questions or require further information, please contact COL John P. Catalanotte, Fiscal Manager, at (225) 319 4944.

Sincerely,

A handwritten signature in black ink, appearing to read "John Basilica, Jr.", enclosed within a circular scribble.

John Basilica, Jr.
Brigadier General, LA National Guard
Director, State Military Department

Enclosure



KATHLEEN BABINEAUX BLANCO
GOVERNOR

State of Louisiana

GOVERNOR'S OFFICE OF HOMELAND SECURITY AND EMERGENCY PREPAREDNESS

PERRY JEFF SMITH, JR., CPA
COLONEL (RETIRED)
ACTING DIRECTOR

March 13, 2007

Mr. Steve J. Theriot, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

RE: Letter dated January 22, 2007: Noncompliance with Reporting Requirements

Dear Mr. Theriot:

I have reviewed your report dated January 22, 2007. This report covers activities for fiscal year 2006. During the covered period, the Governor's Office of Homeland Security and Emergency Preparedness' predecessor organization, Louisiana Office of Homeland Security and Emergency Preparedness (LOHSEP), was a program under the State Military Department. The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) was created by legislative action in February 2006 and finalized on March 1, 2006.

Management Response

It was recognized from the beginning that the disbursement and accounting for billions of federal dollars would require extra measures to protect the State of Louisiana from future FEMA de-obligations. It was this same level of concern for proper documentation that caused GOHSEP leadership to partner with the State Inspector General's office, the Louisiana Legislative Auditor's Office and the Office of the Attorney General of Louisiana. Because of the concern for accuracy and oversight, GOHSEP leadership took steps to insure that the proper documentation was obtained. GOHSEP leadership has also requested FEMA waive quarterly report requirements. GOHSEP has implemented numerous changes in accounting systems, and has provided the Legislative Auditor, Barrett Hunter, with documentation to explain or clear all of the findings which relate to GOHSEP.

In accordance with your instructions, we are hereby providing responses to each of your findings.

Non Compliance with Reporting Requirements

Finding: For all four Federal quarters Military/ GOHSEP did not submit the required progress reports.

Response:

The State agrees with the need for quarterly reports. According to 44 CFR, quarterly reports are required for all projects for which federal dollars have been obligated but not received. The requirement is vague and broad. The statute appears to apply to projects where the final payment of the federal share has not been made. With regard to Categories A and B the norm is to pay only for completed work. It does not address emergency work categories such as A and B. It is difficult to use quarterly reports in Categories A& B as these are emergency categories and under normal disaster guidelines, the money would not be advanced until the applicant shows payment of the expense. The requirement appears to cover work Categories C-G. The Katrina disaster is one that does not conform to the textbook. There are thousands of projects in Categories C-G for which final federal dollars have not yet been paid to the grantee. Many of the projects have not yet been started.

Copies of correspondence to FEMA headquarters requesting a waiver of the reporting requirement and their response have been provided to the Louisiana Legislative Auditor. There is a string of electronic mail addressing FEMA's position which was made available.

LOHSEP was a department under the Louisiana State Military Department during the period under review. GOHSEP believes that any open issues could best be answered by the Louisiana State Military Department.

Action:

GOHSEP has established a policy to insure the timely submission of quarterly reports. The policy requires incorporates of the applicant information in the agency's quarterly report. The procedures of this policy are in the training manual for Grant Managers.

Mr. Steve Theriot
March 13, 2007
Page 3

Finding: As a sub-grantee, GOHSEP did not submit required P4 quarterly reports for quarters one and two for Hurricanes Katrina and Rita.

Response:

The State agrees with the need for quarterly reports. With regard to Categories A and B, the norm is to pay only for completed work. It does not address emergency work categories such as A and B. It is difficult to use quarterly reports in Categories A& B as these are emergency categories and under normal disaster guidelines, the money would not be advanced until the applicant shows payment of the expense. The budget officer has placed quarterly reports in LA PA.com, and FEMA is working with the contractor to retrieve the reports.

LOHSEP was a department under the Louisiana State Military Department during the period under review. GOHSEP believes that any open issues could best be answered by the Louisiana State Military Department.

Thank you for providing this report of Required Reporting Procedures during the response to Hurricanes Katrina and Rita.

If you have any questions or need further assistance please contact me or our Internal Auditor, George Schmidt, at (225) 925-7345.

Sincerely,


Perry 'Jeff' Smith, Jr.