

An Agreed-Upon Procedures Report on the  
**GOVERNOR’S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS  
PUBLIC ASSISTANCE PROGRAM**  
Issued May 23, 2012



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## EXECUTIVE SUMMARY

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We performed agreed-upon procedures to assist the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) in evaluating the documentation submitted by sub-grantees for reimbursement under the Public Assistance program. For the period July 1, 2011, through December 31, 2011, we reviewed 5,282 initial reimbursement requests totaling \$618,010,389 and noted potential questioned costs of \$42,200,027. We also re-reviewed 784 reimbursement requests totaling \$98,805,188 that had been returned to GOHSEP disaster recovery specialists because of some deficiency in documentation (subsequent reviews) and noted potential questioned costs of \$6,482,238 as a result of the subsequent reviews.

In addition, we reviewed 123 reimbursement requests totaling \$4,247,685 where the sub-grantees initially provided documentation to support the claim and a version increasing the value of the related project worksheet had not yet been obligated but has since been obligated (additional obligations). We did not note any potential questioned costs as a result of the additional obligation reviews.



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

March 13, 2012

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 for the period July 1, 2011, through December 31, 2011, which were requested and agreed to by management of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), solely to assist you in fulfilling your responsibility for implementing the Public Assistance (PA) program. GOHSEP management is responsible for the day-to-day operations of PA.

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 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.

This report is a summary of the findings that we present to GOHSEP management on a daily basis.

**Technical Assistance Contractor Invoice Review**

**Procedure:** We compared invoices from James Lee Witt Associates (JLWA), a technical assistance contractor, to the contract guidelines to determine if:

- (1) invoices were submitted in accordance with the contractual guidelines;
- (2) invoices had all the required signatures;
- (3) invoices were submitted within the required time period; and

- (4) invoices were supported by subcontractor invoices, time records, and receipts.

**Finding:** For the period July 1, 2011, through December 31, 2011, JLWA presented 22 invoices totaling \$8,326,635 to GOHSEP for payment. We did not identify any questionable cost.

Contract terms for JLWA state that invoices should be submitted within 30 days of the billing period end date. JLWA submitted five of its invoices within 30 days of the billing period end date. JLWA submitted the remaining 17 invoices more than 30 days after the billing period had ended.

**Procedure:** We compared invoices from Deloitte, a technical assistance contractor, to the contract guidelines to determine if:

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

**Finding:** For the period July 1, 2011, through December 31, 2011, Deloitte presented five invoices totaling \$3,165,421 to GOHSEP for payment. We identified \$3,717 of questionable cost. GOHSEP management deducted the questionable amounts from the Deloitte invoices before payment.

## Procedures and Findings for Public Assistance

Disaster recovery specialists use expense reviews to document deficiencies in reimbursement claims submitted by sub-grantees. We inspected 6,189 expense reviews totaling \$721,063,262 as prepared by the GOHSEP disaster recovery specialists along with supporting documentation. The overall results of those inspections are as follows:

Review Type	Number of Reviews	Value	Questioned Amount
Initial	5,282	\$618,010,389	\$42,200,027
Subsequent*	784	98,805,188	6,482,238
Additional Obligation**	123	4,247,685	0
<b>Total</b>	<b>6,189</b>	<b>\$721,063,262</b>	<b>\$48,682,265</b>

\*Re-reviews of reimbursement requests that have been returned to GOHSEP disaster recovery specialists because of some deficiency in documentation identified by our review

\*\*Reviews of reimbursement requests where the sub-grantees initially provided documentation to support the claim and a version increasing the value of the related project worksheet had not yet been obligated but has since been obligated

For all large projects [as defined in 44 CFR 206.203(c)(1)], we inspected the expense reviews performed by the disaster recovery specialists and the supporting documentation to confirm that the reimbursement claims were in compliance with federal and state guidelines and were properly documented. We developed findings as needed for the 6,189 expense reviews inspected during this period. Each finding was presented to GOHSEP management.

**Procedure:** When the work undertaken by the sub-grantee was accomplished through the use of contractors, we inspected and confirmed whether:

- (1) documentation provided in the sub-grantee's reimbursement request 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 was procured in accordance with federal and/or state laws.

**Finding:** As a result of our procedures, we identified 4,511 initial reviews, 560 subsequent reviews, and 121 additional obligation reviews where the work was accomplished by a contractor. On those reviews, the disaster recovery specialists indicated total documented expenses of \$667,979,605.

We did not detect deficiencies in 4,423 of the 5,192 expense reviews. However, we noted deficiencies in 669 initial reviews and 100 subsequent reviews. When deficiencies were noted, the expense reviews and the supporting documentation were returned to the disaster recovery specialists for additional information or further clarification.

We placed the deficiencies from the 669 initial reviews and the 100 subsequent reviews into one of the following categories:

- Three hundred fifty-one deficiencies related to costs listed on contract summaries that lacked supporting documentation.
- Two hundred thirty-five deficiencies related to expenses that lacked documentation supporting the scope of work.
- Three hundred eighty-two deficiencies related to files that lacked documentation to support procurement compliant with federal and/or state laws.
- Eighteen deficiencies related to line items or project cost overruns within the scope of work that were not identified.
- Five deficiencies related to expenses that were not in accordance with FEMA rates or locally adopted/approved rates.
- Three deficiencies related to employee hours listed on labor summaries that do not agree with sub-grantee's overtime policy or hours claimed were not for disaster-related work.
- Two deficiencies related to expenses that lacked documentation supporting the operators of the equipment.
- One deficiency related to equipment hours claimed on the equipment summaries that did not agree with the employee hours claimed on the labor summaries.
- One deficiency related to a fringe benefit calculation that contained ineligible items or mathematical inaccuracies.

Since an expense review may have contained multiple deficiencies, there are more deficiencies than reviews.

Had we not detected these deficiencies, they could have resulted in questioned costs totaling \$39,898,755 (5.53% of the total amount reviewed or 5.97% of the documented expenses for this category).

**Procedure:** When the work undertaken by the sub-grantee was accomplished through the use of the sub-grantee's equipment, we inspected supporting documentation included in the expense reviews to determine whether:

- (1) documentation provided in the sub-grantee's reimbursement request 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 identified 80 initial reviews and 53 subsequent reviews where the work was accomplished by using the sub-grantee's equipment. On those reviews, the disaster recovery specialists indicated total documented expenses of \$5,250,164.

We did not detect deficiencies in 100 of the 133 expense reviews. However, we noted deficiencies in 26 initial reviews and seven subsequent reviews. When deficiencies were noted, the expense reviews and the supporting documentation were returned to the disaster recovery specialists for additional information or further clarification.

We placed the deficiencies from the 26 initial reviews and the seven subsequent reviews into one of the following categories:

- Nineteen deficiencies related to expenses that were not in accordance with FEMA rates or locally adopted/approved rates.
- Seventeen deficiencies related to equipment hours claimed on the force account equipment summaries that did not agree with the employee hours claimed on the force account labor summaries.
- Two deficiencies related to expenses that lacked documentation supporting the scope of work.
- One deficiency related to expenses that lack documentation supporting the operators of the equipment.



Since an expense review may have contained multiple deficiencies, there are more deficiencies than reviews.

Had we not detected these deficiencies, they could have resulted in questioned costs totaling \$756,881 (0.10% of the total amount reviewed or 14.42% of the documented expenses for this category).

**Procedure:**

When the work undertaken by the sub-grantee was accomplished through the use of the sub-grantee's employees, we inspected the expense reviews and supporting documentation to determine whether:

- (1) documentation provided in the sub-grantee's reimbursement request was for work contained in the scope for that project worksheet;
- (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-grantee's overtime policy and that only hours spent conducting work that was a direct result of the disaster were claimed for reimbursement; and
- (5) fringe benefit calculations prepared by the sub-grantee included only eligible elements and were mathematically accurate.

**Finding:**

As a result of our procedures, we identified 212 initial reviews, 66 subsequent reviews, and one additional obligation review where the work was accomplished using the sub-grantee's employees. On those reviews, the disaster recovery specialists indicated total documented expenses of \$23,684,073.

We did not detect deficiencies in 230 of the 279 expense reviews. However, we noted deficiencies in 39 initial reviews and 10 subsequent reviews. When deficiencies were noted, the expense reviews and the supporting documentation were returned to the disaster recovery specialists for additional information or further clarification.

We placed the deficiencies from the 39 initial reviews and the 10 subsequent reviews into one of the following categories:

- Sixteen deficiencies related to a fringe benefit calculation that contained ineligible items or mathematical inaccuracies.

- Sixteen deficiencies related to employee hours listed on labor summaries that do not agree with sub-grantee's overtime policy or hours claimed were not for disaster-related work.
- Ten deficiencies related to labor costs that lacked documentation supporting the scope of work.
- Fourteen deficiencies related to disaster-related job descriptions for each employee that were not listed on the labor summaries.
- One deficiency related to line items or project cost over-runs within the scope of work that was not identified.

Since an expense review may have contained multiple deficiencies, there are more deficiencies than reviews.

Had we not detected these deficiencies, they could have resulted in questioned costs totaling \$1,305,337 (0.18% of the total amount reviewed or 5.51% of the documented expenses for this category).

**Procedure:**

When the sub-grantee purchased or used materials from inventory to accomplish the work detailed in the scope of the project worksheets, we inspected the expense reviews and related documentation to determine whether:

- (1) documentation provided in the sub-grantee's reimbursement request 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) materials were procured in accordance with federal and/or state laws.

**Finding:**

We identified 437 initial reviews, 88 subsequent reviews, and one additional obligation review where the sub-grantee used materials from inventory or purchased materials to accomplish the work. On those reviews, the disaster recovery specialists indicated total documented expenses of \$22,991,989.

We did not detect deficiencies in 313 of the 526 expense reviews. However, we noted deficiencies in 185 initial reviews and 28 subsequent reviews. When deficiencies were noted, the expense reviews and the

supporting documentation were returned to the disaster recovery specialists for additional information or further clarification.

We placed the deficiencies from the 185 initial reviews and the 28 subsequent reviews into one of the following categories:

- Thirty-five deficiencies related to expenses that lacked documentation supporting the scope of work.
- Thirty-four deficiencies related to costs listed on material summaries that lacked supporting documentation.
- One hundred ninety-four deficiencies related to a file that lacked documentation supporting procurement compliant with federal and/or state laws.
- Three deficiencies related to line item or project cost over-runs within the scope of work that were not identified.

Since an expense review may have contained multiple deficiencies, there are more deficiencies than reviews.

Had we not detected these deficiencies, they could have resulted in questioned costs totaling \$6,574,327 (0.91% of the total amount reviewed or 28.59% of the documented expenses for this category).

**Procedure:**

When the work undertaken by the sub-grantee was accomplished through the use of rented equipment, we inspected the expense reviews and related documentation to determine whether:

- (1) documentation provided in the sub-grantee's reimbursement request 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 was procured in accordance with federal and/or state laws.

**Finding:**

We identified 42 initial reviews and 17 subsequent reviews where the sub-grantees used rented equipment to accomplish the work. On those reviews, the disaster recovery specialists indicated total documented expenses of \$1,157,431.

We did not detect deficiencies in 37 of the 59 expense reviews. However, we noted deficiencies in 14 initial reviews and eight subsequent reviews. When deficiencies were noted, the expense reviews and the supporting documentation were returned to the disaster recovery specialists for additional information or further clarification.

We placed the deficiencies from the 14 initial reviews and the eight subsequent reviews into one of the following categories:

- Eighteen deficiencies related to a file that lacked documentation to support procurement compliant with federal and/or state laws.
- Four deficiencies related to costs listed on equipment summaries that lacked supporting documentation.
- One deficiency related to expenses that lacked documentation supporting the scope of work.

Had we not detected these deficiencies, they could have resulted in questioned costs totaling \$146,965 (0.02% of the total amount reviewed or 12.70% of the documented expenses for this category).

**Procedure:** We confirmed that the reimbursement requests and the parish/local certification documents or memorandums of understanding (MOUs) are dated on or after the creation of the project worksheets.

**Finding:** We inspected the parish/local certifications and MOUs for 5,894 project worksheets submitted in expense review form packages. We noted that the date was incorrect on 13 of the certifications or MOUs. Those expense review packages were returned to the disaster recovery specialists for correction.

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 the fair presentation of 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 and the Louisiana Legislature and is not intended to be and should not be used by anyone other than those parties. However, by provisions of state law, this report is a public document and has been distributed to the appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink, reading "Daryl G. Purpera". The signature is fluid and cursive, with the first name "Daryl" and last name "Purpera" clearly distinguishable.

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

JS:JM:ch

GOHSEP-PA 2011

## APPENDIX A

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### Management's Response



BOBBY JINDAL  
GOVERNOR

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

KEVIN DAVIS  
DIRECTOR

March 27, 2012

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

RE: Draft Public Assistance Division Report  
Second Half 2011, Hurricanes Katrina, Rita, Gustav, and Ike

Dear Mr. Purpera:

We have received and reviewed 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 period July 1, 2011 through December 31, 2011. As a matter of practice, we use the reports as a training tool for our Grants Management Team. These reports assist us in identifying opportunities to improve our process and by highlighting trends in need of our attention for further correction.

Overall we concur with the findings identified in the report. We would like to note the continued improvement in the GOHSEP review quality as evidenced by the marked decrease in the percentage of questioned costs noted by the LLA. In 2010 the average percentage of questioned costs was approximately 11% of all costs reviewed by GOHSEP staff. For the same period in 2011 our staff has decreased the questioned cost findings to 7% of all costs reviewed. While we are encouraged by the improvement from the last reports, we recognize there are areas that can be improved upon further.

As such, we meet periodically with the LLA team and our management group to discuss problems and issues so that we may proactively address them and give consistent direction to staff. In addition we feel that aligning the LLA staff with our internal team structure has allowed for higher levels of communication and feedback with the LLA which has proved to be beneficial for our management and staff.

We continue to track findings internally to better identify training opportunities. In fact GOHSEP is currently working to enhance internal reporting and tracking of questioned



Mr. Daryl Pupera, CPA, CFE

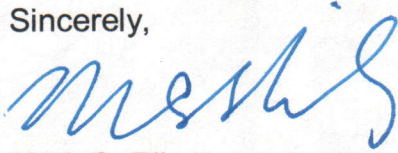
March 27, 2012

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costs to individual staff, teams, and subgrantees. In addition we are enhancing our ability to track questioned cost reasons in order to enable us to better identify areas of concern on a more frequent basis. This information will be used to develop our staff in programmatic and technical issues and as such is a key component in our skills development program. We will continue to monitor findings and react accordingly to any trends noted.

Your LLA Team continues to assist us in the improvement of our processes and continue to provide outstanding advice and counsel. Their continued analysis of our Public Assistance procedures will assist us in achieving our 100%-accuracy goal.

Sincerely,



Mark S. Riley

Deputy Director, Disaster Recovery Division

LBB:MSR

cc: Kevin Davis, Director