

LOUISIANA LAND TRUST
HOME DEMOLITION PROGRAM
MARCH 2009 THROUGH JUNE 2010



AGREED-UPON PROCEDURES REPORT
ISSUED JANUARY 5, 2011

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We performed agreed-upon procedures to assist the Louisiana Land Trust (LLT) in evaluating the completeness and accuracy of documentation submitted by LLT's contractors for payment under the Home Demolition Program. For the period March 12, 2009, through June 30, 2010, we reviewed labor invoices of \$16,621,287 and lab cost invoices of \$1,912,789 for a total of \$18,534,076. We noted exceptions totaling \$836,084, including \$807,669 for labor charges and \$28,415 for lab costs. During the application of our procedures, the contractors submitted additional documentation to resolve \$722,130 worth of the exceptions and issued credits to resolve \$96,864 of the exceptions. The remaining unresolved exceptions total \$17,090.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 6, 2010

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

MIKE TAYLOR, EXECUTIVE DIRECTOR
LOUISIANA LAND TRUST
Baton Rouge, Louisiana

We performed the procedures enumerated below, which were agreed to by the Louisiana Land Trust (LLT) management, solely to assist LLT management in evaluating the completeness and accuracy of documentation submitted by LLT's contractors for payment under the Home Demolition Program during the period March 12, 2009, through June 30, 2010. LLT management is responsible for the day-to-day operations of the Home Demolition Program.

This agreed-upon procedures engagement was conducted in accordance with the applicable 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 of America. The sufficiency of these procedures is solely the responsibility of LLT 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.

A summary of the exceptions noted during our review of the labor and lab cost billings is as follows:

Exception Type	Exception Amount	Amount Resolved	Credits	Remaining Exceptions
Labor				
Incorrect Rate Billed ¹	\$1,513	(\$9)	\$0	\$1,504
Over Billed ²	19,778	(14,903)	(3,894)	981
Insufficient Documentation ³	680,671	(650,641)	(28,557)	1,473
Non-LLT Address ⁴	50,826	(38,680)	(274)	11,872
Work Outside Invoice Period ⁵	54,881	(4,737)	(50,144)	0
Labor Subtotal	807,669	(708,970)	(82,869)	15,830

LLT HOME DEMOLITION PROGRAM - MARCH 12, 2009 - JUNE 30, 2010 _____

Exception Type	Exception Amount	Amount Resolved	Credits	Remaining Exceptions
Lab Costs				
Incorrect Rate Billed ⁶	\$0	\$0	\$0	\$0
Over Billed ⁷	10,245	0	(10,245)	0
Insufficient Documentation ⁸	9,400	(8,960)	(80)	360
Non-LLT Address ⁹	2,000	(1,100)	0	900
Insufficient Documentation in DTS ¹⁰	6,770	(3,100)	(3,670)	0
Lab Costs Subtotal	28,415	(13,160)	(13,995)	1,260
Total	\$836,084	(\$722,130)	(\$96,864)	\$17,090

Background

LLT is a nonprofit organization formed by the state to manage the properties that have been purchased by the State of Louisiana under the current Road Home Program as part of the ongoing recovery effort from the damage caused by hurricanes Katrina and Rita in 2005. LLT has broad powers to (1) receive and dispose of the properties; (2) accept funds from any sources; (3) borrow against those properties; (4) obtain payment for those obligations; and (5) enter into any and all agreements necessary to carry out its mission.

LLT contracted with Camp Dresser and McKee Inc. (CDM) effective February 10, 2009, to provide program management and oversight of the LLT Home Demolition Program for approximately 5,800 properties. In support of this effort, CDM will (1) provide quality home demolition management and oversight of the LLT Home Demolition Program; (2) provide review of environmental clearances on each property to be demolished; (3) develop a work plan with protocols and timelines; and (4) develop a quality control plan.

Our procedures and results are as follows:

PROCEDURE: For all labor charges billed, we compared the labor rates billed to the labor rates specified in the contract.

RESULT: During the period, LLT's contractor submitted labor invoices totaling \$16,621,287. Of that total, \$1,513 was billed at labor rates that were higher than the labor rates specified in the contract. After our initial review, the contractor provided additional documentation to support the labor rate billed for \$9 of the exceptions. The remaining unresolved exceptions total \$1,504.¹

PROCEDURE: For all labor charges billed, we reviewed the supporting time sheets and status reports for completeness and accuracy.

RESULT: Of the \$16,621,287 billed for labor, the contractor over billed \$19,778 based on the supporting documentation provided. After our initial review, the contractor provided additional documentation to support \$14,903 of the exceptions and issued credits to resolve \$3,894 of the exceptions. The remaining unresolved exceptions total \$981.²

Also, the contractor did not provide sufficient documentation to support \$680,671 of the labor charges billed. After our initial review, the contractor provided additional documentation to support \$650,641 of the exceptions and issued credits to resolve \$28,557 of the exceptions. The remaining unresolved exceptions total \$1,473.³

PROCEDURE: We determined if all labor costs billed were in accordance with applicable federal and state regulations and program policies.

RESULT: Of the \$16,621,287 billed for labor, the contractor billed \$50,826 for work performed at addresses that were not listed in LLT's property database. After our initial review, the contractor provided additional documentation indicating some of the addresses were recorded incorrectly in the database. The contractor corrected the addresses, which resolved \$38,680 of the exceptions. The contractor also issued credits to resolve \$274 of the exceptions. The remaining unresolved exceptions total \$11,872.⁴

Also, the contractor billed \$54,881 for work performed outside the invoice period. After our initial review, the contractor provided additional documentation to support \$4,737 of the exceptions and issued credits to resolve \$50,144 of the exceptions. There are no remaining unresolved exceptions.⁵

PROCEDURE: For all unit costs billed, we compared the rates billed to the rates specified in the contracts between the LLT and its subcontractors.

RESULT: During the period, LLT's contractor submitted lab invoices totaling \$1,912,789. All lab costs were billed in accordance with the rates specified in the contract.⁶

PROCEDURE: We determined if all unit costs billed were supported by subcontractor invoices.

RESULT: Of the \$1,912,789 billed for lab costs, the contractor over billed \$10,245 based on the supporting documentation provided. After our initial review, the contractor issued credits to resolve all of the exceptions.⁷

Also, the contractor did not provide sufficient documentation to support \$9,400. After our initial review, the contractor provided additional

documentation to support \$8,960 of the exceptions and issued credits to resolve \$80 of the exceptions. The remaining unresolved exceptions total \$360.⁸

PROCEDURE: We determined if all unit costs billed were in accordance with applicable federal and state regulations and program policies.

RESULT: Of the \$1,912,789 billed for lab costs, the contractor billed for \$2,000 for work performed at addresses that were not listed in LLT's property database. After our initial review, the contractor provided additional documentation indicating some of the addresses were recorded incorrectly in the database. The contractor corrected the addresses to resolve \$1,100 of the exceptions. The remaining unresolved exceptions total \$900.⁹

PROCEDURE: On a sample basis, we reviewed the demolition tracking database to verify that unit costs billed were supported in accordance with the LLT Demolition Project Standard Operating Procedures.

RESULT: Of the \$1,912,789 billed for lab costs, we reviewed the documentation in the demolition tracking database for 6,933 lab samples costing \$145,070. The database did not contain sufficient documentation to support charges totaling \$6,770 of the \$145,070 we reviewed. After our initial review, the contractor provided additional documentation to support \$3,100 of the exceptions and issued credits to resolve \$3,670 of the exceptions. There are no remaining unresolved exceptions.¹⁰

We were not engaged to and did not conduct an audit, the objective of which would be to express an opinion on LLT's compliance with federal and state regulations, LLT's internal control over compliance with federal and state regulations, or LLT'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 LLT management and the Louisiana Legislature and is not intended to be and should not be used by anyone other than these parties. By provisions of state law, this report is a public document and has been distributed to the appropriate public officials.

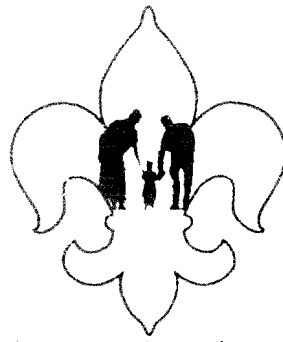
Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

BB:SD:JM:dl

Management's Response



LOUISIANA LAND TRUST

MICHAEL TAYLOR
EXECUTIVE DIRECTOR

RAYMOND ALLEN
DEPUTY EXECUTIVE DIRECTOR

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
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1600 N. Third St.
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RE: Agreed-Upon Procedures

Dear Mr. Purpera:

The Road Home Corporation dba Louisiana Land Trust (LLT) has enjoyed working with the Legislative Auditors and appreciates the time and effort dedicated to producing this report. The information provided by the Legislative Auditors and their staff during this engagement has been invaluable and certainly has contributed to the financial success of LLT's program. We will make every effort to utilize it to improve both our operations and internal controls.

During the engagement, the LLA has reviewed \$18,534,076 of vendor invoices. Of these, staff noted \$836,084 of exceptions of which \$818,993 have been cleared via supplemental documentation or credits issued by the vendor. Of the outstanding \$17,091, the LLT staff will continue working with both vendor and the LLA to resolve.

Again, we appreciate the time and effort provided by the Legislative Auditors and look forward to their continued support.

Sincerely,

Michael B. Taylor
Executive Director

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