

GOVERNOR'S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
HAZARD MITIGATION GRANT PROGRAMS
JULY 2010 - SEPTEMBER 2010



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 2, 2011

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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 completeness and accuracy of documentation submitted by sub-grantees for reimbursement under the Hazard Mitigation Grant Program, Severe Repetitive Loss, Repetitive Flood Claims, Flood Mitigation Assistance, and Pre-Disaster Mitigation (PDM) programs, collectively referred to as Hazard Mitigation programs. For the period July 1, 2010, through September 30, 2010, we reviewed reimbursement requests totaling \$47,968,526 and noted exceptions of \$676,182. During the application of our procedures, GOHSEP disaster recovery specialists gathered additional documentation and information to resolve \$729 of the exceptions. The remaining unresolved exceptions total \$675,453.

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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

MARK A. COOPER, DIRECTOR
GOVERNOR'S OFFICE OF HOMELAND
SECURITY AND EMERGENCY PREPAREDNESS
Baton Rouge, Louisiana

We 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 2010 (July 1 through September 30), which were requested and agreed to by the Governor's Office of Homeland Security (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.

Background

GOHSEP's documentation review process begins when sub-grantees submit reimbursement requests and supporting documentation. Disaster recovery specialists review the requests and gather any additional documentation deemed necessary to fully support them. The disaster recovery specialists document the results of the reviews on expense review forms and then submit the expense review forms and all supporting documentation to the financial section. The financial section performs its functions and then submits the expense review forms and all supporting documentation to the Louisiana Legislative Auditor's document review team to be reviewed under our agreed-upon procedures engagement.

The document review team inspects the expense review forms and supporting documentation to identify any potential questioned costs. Unsupported costs are considered potential questioned costs and are reported. The expense review forms and supporting documentation are returned to the disaster recovery specialists for resolution when deficiencies are noted. This procedure allows GOHSEP the opportunity to correct deficiencies before final payment thus eliminating questioned costs.

Since it may take several months to resolve certain questioned amounts, we report whether deficiencies have been resolved in the “Additional Information” section of our quarterly reports. GOHSEP management requires the disaster recovery specialists to resolve all deficiencies noted by the document review team before payment with very limited exception. This process reduces the risk that reimbursements will be paid that are not fully documented. Final determination of questioned costs will be made in the closeout review process.

Hazard Mitigation Programs

Disaster recovery specialists use expense reviews to document deficiencies in reimbursement claims submitted by sub-grantees. We inspected 249 expense reviews as prepared by the GOHSEP disaster recovery specialists totaling \$47,968,526 along with supporting documentation. The overall results of that inspection are as follows:

Review Type	Number of Reviews	Value	Questioned Amount
Initial	233	\$40,494,832	\$651,182
Subsequent*	16	7,473,694	25,000
Total	249	\$47,968,526	\$676,182

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

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 for the 249 expense reviews inspected during this period and presented each finding to management.

PROCEDURE: We confirmed that the sub-grantee submitted an SF 270 (Request for Advance or Reimbursement).

FINDING: No exceptions were noted.

PROCEDURE: We reviewed the mathematical calculations performed by GOHSEP personnel for accuracy.

FINDING: No exceptions were noted.

- PROCEDURE: We confirmed that the calculations were in accordance with funding parameters.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that the invoices, billings, photographs of work, and related items provided by the sub-grantee support the request for reimbursement.
- FINDING: As a result of our procedure, we were unable to verify that procurement, invoices, billings, or photographs of work supported the reimbursement requests for 13 reviews as follows:
- Five initial requests totaling \$1,178,942 lacked competitive procurement documentation or a cost analysis to support cost reasonableness for expenditures totaling \$255,346. The expense review forms and supporting documentation were returned to the disaster recovery specialists for resolution.
 - Eight reimbursement requests (seven initial and one subsequent) totaling \$463,302 lacked sufficient documentation to fully support the request for reimbursement for expenditures totaling \$381,370. After our review, GOHSEP personnel obtained sufficient documentation to support \$729 of the \$381,370 leaving an unsupported balance of \$380,641.
- PROCEDURE: We confirmed that previous payments were listed in block 11-h on the SF 270.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed the original signatures of authorized persons on the SF 270s.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that the quarterly reporting was up-to-date.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that the documented expenses and project progression correspond with the performance period.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that the work reflected by the documentation was within the scope approved for the grant.

- FINDING: As a result of our procedure, we were unable to verify that the work reflected by the documentation was within the scope approved for the grant for two initial requests for reimbursement for expenditures totaling \$39,466. The expense review forms and supporting documentation were returned to the disaster recovery specialists for resolution but neither has been resolved.
- PROCEDURE: We confirmed that at least one site inspection had been conducted for each project that was more than 50% complete.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that an end of performance period letter had been prepared and processed for projects ending in less than 90 days.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that a final site inspection had been conducted for each project that was 100% complete.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that the finance officer entered the current payment on the federal and state declining balance Excel spreadsheet.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that the finance officer entered the current payment on the mitigation payments Excel spreadsheet.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that the finance officer prepared a reimbursement statement for the sub-grantee.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that the finance officer prepared a transmittal for payment for the sub-grantee.
- FINDING: No exceptions were noted.
- PROCEDURE: We confirmed that the finance officer saved the reimbursement and transmittal documents in the sub-grantee's electronic folder.
- FINDING: No exceptions were noted.

PROCEDURE: We confirmed that the finance officer placed a hard copy of the reimbursement and transmittal documents in the sub-grantee’s file.

FINDING: No exceptions were 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.

Period	Total Exceptions	Exceptions Resolved	Remaining
2nd Qtr 08	\$11,060,065	\$11,060,065	\$0
2nd Qtr 09	822,396	578,191	244,205
3rd Qtr 09	3,939,854	1,381,118	2,558,736
4th Qtr 09	554,862	468,104	86,758
1st Qtr 10	2,956,805	2,110,194	846,611
2nd Qtr 10	1,587,353	1,587,353	0
Total	\$20,921,335	\$17,185,025	\$3,736,310

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. 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

JLS:JM:dl

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Management's Response



BOBBY JINDAL
GOVERNOR

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

MARK A. COOPER
DIRECTOR

December 20, 2010

Mr. Daryl G. Purpera, CPA
Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, LA 70804-9397

RE: Management Responses to Hazard Mitigation Grants – Third Quarter 2010 report
Hurricanes Katrina & Rita

Dear Mr. Purpera:

I have reviewed the findings in the third quarter 2010 report, from your office, which covers activities of the Hazard Mitigation Section, Governor's Office of Homeland Security and Emergency Preparedness for July, August and September 2010.

In accordance with your guidance, we are providing management's response to the findings that were not resolved by the end of the quarter.

Response:

HM management concurs that at the time of this report, an unsupported balance of \$ 676,182 has been returned to the DRS, in order to obtain sufficient documentation to validate the expenses.

Corrective Action:

The Mitigation Section staff will continue to work with sub grantees to ensure proper documentation is provided to support payment requests. HM management will continue to meet with assigned LLA staff to ensure closure on undocumented requests.

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:JLG:sh

Cc: Mark S. Riley, Chief of Staff



BOBBY JINDAL
GOVERNOR

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

MARK A. COOPER
DIRECTOR

December 20, 2010

Mr. Daryl G. Purpera, CPA
Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, LA 70804-9397

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Mark DeBosier
Deputy Director
Disaster Recovery

MD:JLG:sh

Cc: Mark S. Riley, Chief of Staff