

GOVERNOR'S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS  
HAZARD MITIGATION PROGRAMS  
JANUARY 2010 - MARCH 2010



AGREED-UPON PROCEDURES REPORT  
ISSUED AUGUST 11, 2010

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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 (HMGP), Severe Repetitive Loss (SRL), Repetitive Flood Claims (RFC), Flood Mitigation Assistance (FMA), and Pre Disaster Mitigation (PDM) programs, collectively referred to as Hazard Mitigation (HM) programs. For the period January 1, 2010, through March 31, 2010, we reviewed reimbursement requests totaling \$22,062,901 and noted exceptions of \$2,956,805. During the application of our procedures, GOHSEP disaster recovery specialists gathered additional documentation and information to resolve \$1,281,649 of the exceptions. The remaining unresolved exceptions total \$1,675,156.

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

June 21, 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 first quarter of 2010 (January 1 through March 31), 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 with a sub-grantee submitting a reimbursement request and supporting documentation. A disaster recovery specialist reviews the request and gathers any additional documentation deemed necessary to fully support the request. The disaster recovery specialist documents the results of the review on an expense review form. The disaster recovery specialist then submits the expense review form 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 form and supporting documentation to identify any potential questioned costs. Unsupported costs are considered potential questioned costs and are reported. The expense review form and supporting documentation are returned to

the disaster recovery specialist 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 do not report whether deficiencies have been resolved in our quarterly reports. However, 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 greatly 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 181 expense reviews as prepared by the GOHSEP disaster recovery specialists totaling \$22,062,902 along with supporting documentation. The overall results of that inspection are as follows:

<b>Review Type</b>	<b>Number of Reviews</b>	<b>Value</b>	<b>Questioned Amount</b>
Initial	151	\$18,632,624	\$2,515,734
Subsequent*	30	3,430,278	441,071
<b>Total</b>	<b>181</b>	<b>\$22,062,902</b>	<b>\$2,956,805</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

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 181 expense reviews inspected during this period. Each finding was presented 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 36 reviews as follows:

- Nineteen reimbursement requests (15 initial and four subsequent) totaling \$5,045,900 lacked competitive procurement documentation or a cost analysis to support cost reasonableness.
- Seventeen reimbursement requests totaling \$1,557,861 lacked sufficient documentation to fully support the request for reimbursement.

The 19 reimbursement requests noted above contained \$1,839,478 in expenditures (\$1,339,074 from initial reviews and \$440,404 from subsequent reviews) that lacked competitive procurement documentation or a cost analysis to support cost reasonableness. After our review, GOHSEP personnel obtained sufficient documentation to support \$525,004 of the \$1,839,478 leaving an unsupported balance of \$1,314,474.

The 17 reimbursement requests noted above contained \$1,072,737 in expenditures (\$1,072,070 from initial reviews and \$667 from subsequent reviews) that were not fully supported. After our review, GOHSEP personnel obtained sufficient documentation to support \$752,019 of the \$1,072,737 leaving an unsupported balance of \$320,718.

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: As a result of our procedure, we noted that the original SF 270s were not submitted for two initial reimbursement requests totaling \$34,451. After our review, GOHSEP personnel withdrew one reimbursement request leaving one unresolved exception totaling \$29,827. This amount is included in the \$320,718 unsupported balance mentioned above.

PROCEDURE: We confirmed that the quarterly reporting was up-to-date.

- FINDING: As a result of our procedure, we noted that the quarterly reports were not up-to-date for six initial reimbursement requests totaling \$579,936. After our review, GOHSEP personnel obtained the current quarterly reports for four reimbursement requests leaving two quarterly reports totaling \$34,451 that were not up-to-date.
- PROCEDURE: We confirmed that the documented expenses and project progression correspond with the performance period.
- FINDING: As a result of our procedure, we noted that one initial reimbursement request totaling \$39,963 was not submitted within the allotted time for the period of performance. This exception has not been resolved because GOHSEP received conflicting direction from FEMA.
- Region 6 informally provided guidance indicating the performance period for the sub-grantee is the same as the performance period for the grantee. A FEMA staff person from FEMA headquarters in Washington, D.C., informally provided guidance that the performance period for the sub-grantee is the performance period referred to in the sub-grantee's award letter. GOHSEP is seeking official, formal direction from FEMA on this issue.
- PROCEDURE: We confirmed that the work reflected by the documentation was within the scope approved for the grant.
- FINDING: No exceptions were noted.
- 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.

<u>Period</u>	<u>Total Exceptions</u>	<u>Exceptions Resolved</u>	<u>Remaining</u>
2nd Qtr 08	\$1,236,049	\$105,060	\$1,130,989
2nd Qtr 09	467,564	11,952	455,612
3rd Qtr 09	3,939,854	230,103	3,709,751
4th Qtr 09	480,047	232,697	247,350
Total	<u>\$6,123,514</u>	<u>\$579,812</u>	<u>\$5,543,702</u>

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 is not intended to be and should not be used by anyone other than GOHSEP management. 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 that reads "Daryl G. Purpera". The signature is fluid and cursive, with the first name being the most prominent.

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

JLS:JM:dl

A-02 HMGP 1PTR 2010

## Management's Response





BOBBY JINDAL  
GOVERNOR

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

MARK A. COOPER  
DIRECTOR

July 6, 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 – First Quarter 2010 report

Dear Mr. Purpera:

I have reviewed the findings in the first quarter 2010 report, from your office, which covers activities of the Hazard Mitigation Section, Governor's Office of Homeland Security and Emergency Preparedness for January, February and March 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.

**Procedure: Confirm that the invoices, billings, photographs of work, et cetera, provided by the sub-grantee support the request for reimbursement.**

**Finding: In 36 reviews, we were unable to verify that invoices, billings, or photographs of work, et cetera, supported the reimbursement requests as follows.**

**Response:**

HM management concurs that at the time of this report, all exceptions and unsupported balances have not been reconciled.

**Corrective Action:**

The Mitigation Section leadership has reiterated the importance of valid cost analysis for uncompetitive procurement matters. DRS' and Team Leads will provide support to the sub grantee to ensure that proper documentation of procurement or a cost analysis is performed. The emphasis is placed on providing the required documentation to demonstrate competitive procurement or a valid cost analysis that supports the sub-grantees decision regarding cost reasonableness. Additionally, focus will be placed on ensuring all proper documentation is available to support payment requests. This is the responsibility of the Disaster Recovery Specialists (DRSs) and Team Leaders. Furthermore, HM management will meet bi-monthly with the LLA assigned to the section to discuss findings, as they may occur. HM management will collaborate with the finance section to put in place a system for tracking payment request, by team and DRS, to assist in the location of deficient areas, in order to provide training to improve

Mr. Daryl G. Purpera, CPA  
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July 6, 2010

deficiencies. Lastly, HM management will require detailed information regarding the reviews conducted.

**Procedure:** Confirm the original signature of authorized person is on the SF-270.

**Finding:** We noted that the original SF 270's were not submitted for two reimbursement requests totaling \$34,451. One request was withdrawn, leaving one unresolved exception totaling \$29,827.

**Response:**

HM management concurs that at the time of this report, this exception has not been resolved.

**Corrective Action:**

The Mitigation Section leadership will emphasize the requirement of an original signature on all documents required to support requests for payments. This is a primary responsibility of the Disaster Recovery Specialists (DRSs) and Team Leaders. Also, HM management will meet bi-monthly with the LLA assigned to the section to discuss findings, as they may occur. HM management will collaborate with the finance section to put in place a system for tracking payment request, by team and DRS, to assist in the location of deficient areas, in order to provide training to improve deficiencies.

**Procedure:** Confirm that the quarterly reporting is up-to-date.

**Finding:** We noted that the quarterly reports were not up-to-date for six initial reimbursement request totaling \$579,936. Subsequent to our review, GOHSEP personnel obtained the current quarterly reports for four reimbursement requests, leaving two exceptions totaling \$34,451 unresolved.

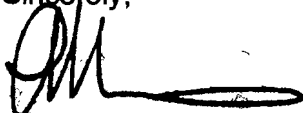
**Response:**

HM management concurs that at the time of this report, this exception has not been resolved.

**Corrective Action:**

The Mitigation Section leadership has instructed section personnel not to process any payment request without the current quarterly report available.

Sincerely,



Mark DeBosier  
Deputy Director – Disaster Recovery

MD:JLG:sh

cc: Mark Cooper