

An Agreed-Upon Procedures Report on the
**GOVERNOR’S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
HAZARD MITIGATION PROGRAM**
JANUARY - JUNE 2021
Issued October 6, 2021



INSIDE

- 1 INDEPENDENT ACCOUNTANT’S REPORT
- 5 BACKGROUND
- 8 MANAGEMENT’S RESPONSE

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September 13, 2021

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

MR. JAMES WASKOM, DIRECTOR
GOVERNOR'S OFFICE OF HOMELAND
SECURITY AND EMERGENCY PREPAREDNESS
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the completeness and accuracy of documentation submitted by sub-grantees under the Hazard Mitigation (HM) program during the period January 1, 2021, through June 30, 2021. The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) management is responsible for the completeness and accuracy of documentation submitted by sub-grantees of the HM program.

GOHSEP management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the completeness and accuracy of the documentation identified above. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

OVERALL RESULTS

For the period January 1, 2021, through June 30, 2021, we confirmed the completeness and accuracy of 460 reimbursement requests submitted by GOHSEP's disaster recovery specialists totaling \$37,373,436. As a result of applying our procedures, we noted exceptions, which exceed \$500 per expense reimbursement review, totaling \$2,245,407 (6.01%) in 68 reimbursement requests. The following table presents the overall results of our procedures.

Exceptions				
Finding Type	Number of Occurrences	Exception Amount*	Percent of Total Exceptions	Amount Resolved**
Out-of-Scope	14	\$179,028	7.97%	\$260,617
Lack of Support	31	1,195,519	53.24	1,445,108
Procurement Not Documented	22	866,860	38.61	3,306,036
Ineligible Costs	1	4,000	0.18	10,316
Errors	0	0	0.00	0
Total	68	\$2,245,407	100%	\$5,022,077

*Does not include exceptions noted in prior periods.

**Includes exception amounts noted in prior periods but resolved in the current period.

Following are the procedures we applied and the resulting findings for the five finding types (*Out of Scope, Lack of Support, Procurement Not Documented, Ineligible Costs, and Errors*) mentioned in the table above.

PROCEDURES AND FINDINGS

PROCEDURE: We confirmed that the work reflected in the reimbursement request is within the scope approved for the project and that the requested amount does not exceed the funding parameters.

FINDING: We identified 14 reimbursement requests where \$179,028 (7.97%) of the work was not within the approved scope of the project.

Through our subsequent analysis of reimbursement requests from the current and prior reporting periods, we noted that the sub-grantees provided approved amended scopes of work to support \$260,617 of the exceptions noted for out-of-scope expenses.

PROCEDURE: We confirmed that the requested amount is supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, HUD settlement statements, appraisals, elevation certificates, duplication of benefits verifications, engineer plans, inspection photographs, or other applicable documentation.

FINDING: We identified 31 reimbursement requests where \$1,195,519 (53.24%) worth of expenses were not supported by sufficient documentation.

Through our subsequent analyses of reimbursement requests from the current and prior reporting periods, we noted that GOHSEP either reduced the requested amount or the sub-grantees provided sufficient documentation to support \$1,445,108 of the exceptions noted for lack of support.

PROCEDURE: We confirmed that contracts and purchases totaling more than \$10,000 per vendor per calendar year comply with applicable federal and state procurement requirements.

FINDING: We identified 22 reimbursement requests where we could not confirm if applicable procurement guidelines had been followed for purchases totaling \$866,860 (38.61%).

Through our subsequent analysis of reimbursement requests from the current and prior reporting periods, we noted that GOHSEP either reduced the requested amount or the sub-grantees provided additional documentation to support \$3,306,036 of the exceptions noted for unsupported procurement.

PROCEDURE: We confirmed that the work reflected in the reimbursement request complies with applicable FEMA regulations and guidance.

FINDING: We identified one reimbursement request where we could not confirm if costs were eligible for reimbursements totaling \$4,000 (0.18%).

Through our subsequent analysis of reimbursement requests from the current and prior reporting periods, we noted that GOHSEP either reduced the requested amount or the sub-grantees provided additional documentation to support \$10,316 of the exceptions noted for non-compliance with applicable FEMA regulations and guidance.

PROCEDURE: We confirmed that the expenses uploaded to louisianahm.com (LAHM) for each reimbursement request do not contain duplicate invoices, incorrect vendor information, and/or incorrect invoice amounts.

FINDING: We didn't identify any reimbursement request with errors.

TOTAL EXCEPTIONS AND AMOUNT RESOLVED

PROCEDURE: For the period April 1, 2008, through June 30, 2021, we accumulated total potential questioned costs and resolved amounts.

FINDING: During the period of April 1, 2008, through June 30, 2021, we confirmed the completeness and accuracy of expense reimbursements totaling \$1,432,568,384. We noted exceptions totaling \$300,613,078 (20.98%).

GOHSEP has worked with the sub-grantees to resolve \$206,841,188 (68.81%) of the exception amount, of which \$5,022,077 was resolved this reporting period.

We were engaged by GOHSEP to perform this agreed-upon procedures engagement and conduct our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. We were not engaged to, and did not conduct, an examination or review engagement, the objective of which would be to express an opinion or conclusion, respectively, on the completeness and accuracy of documentation submitted by sub-grantees under the HM program for the period January 1, 2021, through June 30, 2021, or on GOHSEP's compliance with 2 CFR part 200 and 44 CFR parts 13 and 206. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

We are required to be independent of GOHSEP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to assist GOHSEP management in evaluating the completeness and accuracy of documentation submitted by sub-grantees under the HM program during the period January 1, 2021, through June 30, 2021. Accordingly, this report is not suitable for any other purposes. By provision of state law, this report is a public document and has been distributed to the appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MW/aa

GOHSEP-HM JAN-JUNE 2021

BACKGROUND

The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) is the state agency responsible for responding to, and helping the state recover from, all natural and man-made emergencies and reducing the loss of life and property through an all-hazards emergency management program of prevention, mitigation, preparedness, response, and recovery. One of the programs GOSHEP uses to accomplish its mission is the Hazard Mitigation (HM) program. The HM program assists local governments with funding cost-effective actions that reduce the risk of property damage while simultaneously reducing reliance on federal disaster funds.

Hazard mitigation projects are intended to strengthen facilities and communities, making them less vulnerable to future disaster impacts. Examples of typical mitigation activities include:

- *Elevating flood-prone structures* - physically raising an existing structure above the base flood elevation;
- *Acquiring flood-prone structures* - purchasing structures and converting the land to green space in perpetuity;
- *Localized drainage improvements* - reducing localized flooding by increasing drainage capacity;
- *Safe-room construction* - providing immediate, nearby life-safety protection against either tornado or hurricane winds; and
- *Wind retrofitting structures* - hardening the envelope of a structure to protect against high winds. The envelope is the shell of the structure (including the doors, roof covering, windows, and walls) that maintains a dry, heated, or cooled indoor environment.

Sub-grantees submit reimbursement requests and supporting documentation to GOHSEP for payment through the HM program. Our engagement with GOHSEP requires the Louisiana Legislative Auditor's (LLA) document review team to confirm the completeness and accuracy of documentation submitted by GOHSEP contractors and sub-grantees.

GOHSEP's documentation review process begins when sub-grantees submit reimbursement requests and supporting documentation. The GOHSEP 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 their reviews on requests for advance or reimbursement and then submit the forms and all supporting documentation to the team leads. After the team leads review the requests for advance or reimbursement and all supporting documentation, they submit them to the LLA document review team to be reviewed under our agreed-upon procedures engagement.

The LLA document review team analyzes the requests and supporting documentation to confirm the completeness and accuracy of documentation submitted by sub-grantees under the HM program. Unsupported costs are considered exceptions and are reported.

The LLA document review team also documents exceptions in findings of review that are presented to GOHSEP management. When exceptions are noted, the requests and supporting documentation are returned to the GOHSEP disaster recovery specialists. GOHSEP management decides whether to correct the exceptions or fund the requests. If GOHSEP management decides to correct the exceptions, the disaster recovery specialists gather additional documentation to correct them. Then, LLA's document review team analyzes the additional documentation following the same agreed-upon procedures as the initial reviews. This process allows GOHSEP the opportunity to correct exceptions prior to final payment, thus eliminating questioned costs.

Appendix A

Management's Response

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

JOHN BEL EDWARDS
GOVERNOR



JAMES B. WASKOM
DIRECTOR

September 28, 2021

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
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RE: Management's Response: Agreed-Upon Procedures
Hazard Mitigation Grant Program Report January 1, 2021 - June 30, 2021

Dear Mr. Waguespack:

The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) has received and reviewed the draft report compiled by the Louisiana Legislative Auditor's (LLA) Recovery Assistance Division reviewing the State's Hazard Mitigation Grant Program (HMGP) for the first half of 2021 (January 1, 2021 through June 30, 2021). We appreciate the insight provided in your report and take the exceptions identified in it seriously.

GOHSEP takes great pride in administering the State's HMGP and in the work accomplished by our team. In the first half of 2021, HMGP grants management staff processed \$37,373,436 in mitigation reimbursement requests from eligible subrecipients. While the noted exceptions in your reports are trending down to the current 6.01% from 7.94% and 15.02% in the previous two respective reporting periods, we strive to manage this program in a conscientious manner.

Lack of supporting documentation was the largest of the noted exceptions in both the number of occurrences and percentage noted. Our grants management staff regularly addresses these concerns with HMGP subrecipients to better document their requests for reimbursement. Training and education are top priorities for GOHSEP, and these reports are instrumental in assisting us to ensure that both internal and external stakeholders are receiving proper guidance. Additionally, collaboration among the State Applicant Liaisons (SALs), Legal, and Grants Management sections continue to help reduce and/or eliminate out of scope, procurement, and lack of supporting documentation concerns.

GOHSEP has the mechanisms in place to address many of the questioned costs found within your report. The HMGP reimbursement review process requires that exceptions identified in your report are required to be addressed before disbursement of funds or project closeout. GOHSEP

Mr. Michael J. "Mike" Waguespack, CPA

September 28, 2021

Page 2

continues to address all questioned costs and has realized a higher success rate during this period using the information your staff provides. The valuable data provided in your reports helps guide us in our efforts to advise our subrecipients of the proper documentation required for reimbursement requests and to improve the accuracy and efficiency of our subsequent reviews. Our team remains vigilant in the administration of this grant program.

Thank you again for your review, insight, and assistance as we continue to refine our processes to ultimately achieve our goal of 100% accuracy in the administration of the HMGP.

Sincerely,



Sean Wyatt
Assistant Deputy Director
Hazard Mitigation Assistance Division

SW:bb