

GOVERNOR'S OFFICE OF HOMELAND SECURITY AND
EMERGENCY PREPAREDNESS

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED JANUARY 16, 2019

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Governor's Office of Homeland Security and Emergency Preparedness

January 2019

Audit Control # 80180112

Introduction

As a part of our audit of the State of Louisiana's Comprehensive Annual Financial Report (CAFR) and the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2018, we performed procedures at the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) to provide assurances on financial information that is significant to the state's CAFR; evaluate the effectiveness of GOHSEP's internal controls over financial reporting and compliance; and determine whether GOHSEP complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the findings reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the GOHSEP management letter dated December 20, 2017. We determined that management has resolved the prior-year findings related to Hazard Mitigation Grant Program Awards Identified for Grant Recovery, Noncompliance with Subgrantee Monitoring Requirements for the Hazard Mitigation Grant Program, and Inadequate Control over Subgrantee Refunds.

Comprehensive Annual Financial Report (CAFR) – State of Louisiana

As a part of our audit of the CAFR for the year ended June 30, 2018, we considered internal control over financial reporting and examined evidence supporting GOHSEP's federal revenue, non-payroll expenditures, receivables, payables, unearned revenue, and advances.

Based on the results of these procedures, we did not report any internal control deficiencies or noncompliance with laws or regulations. In addition, the account balances and classes of transactions tested are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2018, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on GOHSEP's major federal programs, as follows:

- Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036)
- Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA 14.228)

Those tests included evaluating the effectiveness of GOHSEP's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether GOHSEP complied with applicable program requirements. In addition, we performed procedures on information submitted by GOHSEP to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA) and on the status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings, as required by Uniform Guidance.

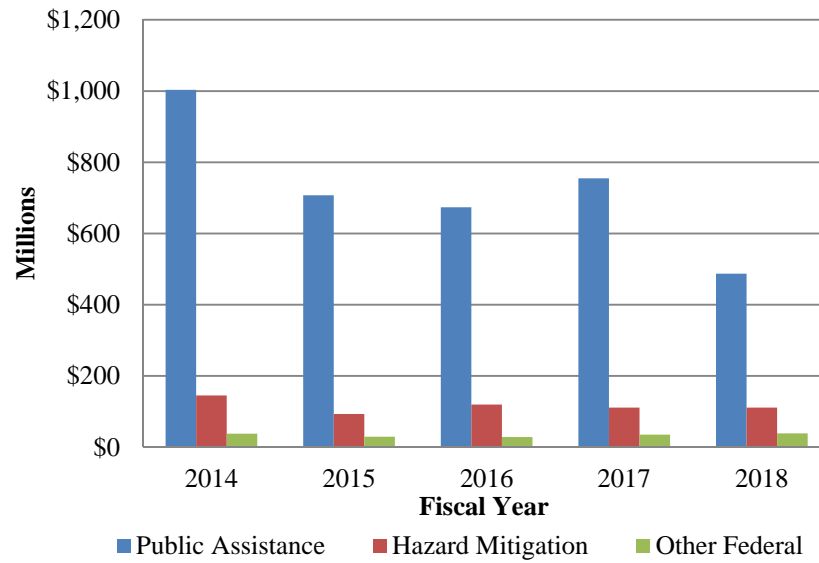
Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements. In addition, GOHSEP's information submitted for the preparation of the state's SEFA and the state's Summary Schedule of Prior Audit Findings, as adjusted, is materially correct.

Trend Analysis

We compared the most current and prior-year financial activity using GOHSEP's Annual Fiscal Reports and/or system-generated reports and obtained explanations from GOHSEP's management for any significant variances. We also prepared an analysis of GOHSEP's federal expenditures over the past five fiscal years (Exhibit 1). Total Public Assistance expenditures have decreased in the current fiscal year as a result of the completion of projects related to the August 2016 flood. As shown in Exhibit 2, Public Assistance expenditures for the August 2016 flood, including those expenditures related to the Shelter at Home Program, totaled approximately \$397.8 million over the past two state fiscal years.

Exhibit 1

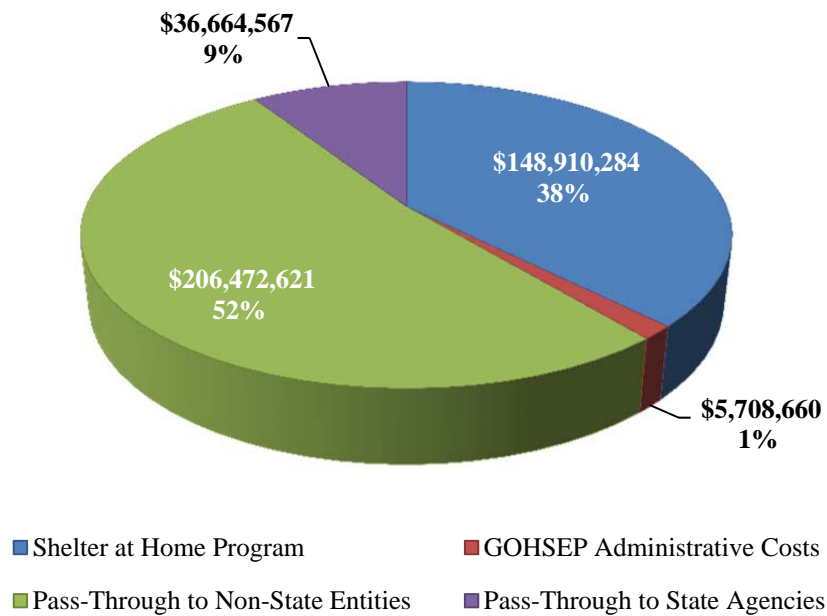
Five-Year Trend in Federal Expenditures



Source: Fiscal Years 2014–2018 Annual Fiscal Reports

Exhibit 2

**Fiscal Years 2017 and 2018 Public Assistance Expenditures
in Response to the August 2016 Flood**



Source: Fiscal Years 2017–2018 ISIS financial data

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink that reads "Thomas H. Cole". The signature is written in a cursive style with a large, stylized "C" at the end.

Thomas H. Cole, CPA
First Assistant Legislative Auditor

NM:RR:EFS:aa

GOHSEP2018

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) for the period from July 1, 2017, through June 30, 2018, to provide assurances on financial information significant to the State of Louisiana's Comprehensive Annual Financial Report (CAFR), and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the CAFR and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2018.

- We evaluated GOHSEP's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to GOHSEP.
- Based on the documentation of GOHSEP's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the CAFR.
- We performed procedures on the Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) and Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA 14.228) for the year ended June 30, 2018, as a part of the 2018 Single Audit.
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2018, as a part of the 2018 Single Audit.
- We compared the most current and prior-year financial activity using GOHSEP's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from GOHSEP's management for significant variances.

The purpose of this report is solely to describe the scope of our work at GOHSEP and not to provide an opinion on the effectiveness of GOHSEP's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review GOHSEP's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. GOHSEP's accounts are an integral part of the State of Louisiana's CAFR, upon which the Louisiana Legislative Auditor expresses opinions.