

An Agreed-Upon Procedures Report on the  
**LOUISIANA DEPARTMENT OF TREASURY**  
**MAIN STREET RECOVERY PROGRAM**  
**JULY 2020 - JANUARY 2021**  
Issued May 5, 2021



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JOHN L. MOREHEAD, CPA

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April 15, 2021

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

**MR. JOHN M. SCHRODER, LOUISIANA STATE TREASURER**  
**LOUISIANA DEPARTMENT OF TREASURY**  
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Louisiana Department of Treasury (Treasury) management, on the completeness and accuracy of grant applications and supporting documentation submitted by Louisiana businesses to Treasury for payment under the Main Street Recovery Program (MSRP) during the period July 1, 2020, through January 31, 2021. Treasury management is responsible for the completeness and accuracy of the grant applications and supporting documentation submitted by Louisiana businesses under the MSRP. The sufficiency of these procedures is solely the responsibility of Treasury management. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below, either for the purpose for which this report has been requested or for any other purpose.

For the period July 1, 2020, through January 31, 2021, we confirmed the completeness and accuracy for two samples of grant applications and supporting documentation submitted by Louisiana businesses. The first sample was conducted on a judgmental basis prior to payment and consisted of 6,687 grant awards totaling \$79,719,218. As a result of applying our procedures, we noted exceptions totaling \$4,616,383 (5.79% of \$79,719,218 analyzed) in 556 grant applications. MSRP staff worked with the grant recipients to resolve exceptions totaling \$3,803,934 (82.40% of exceptions noted in first sample). Treasury management issued demand letters to recover \$456,838 in unresolved exceptions.

The second sample was a statistically valid random sample conducted after payment from a population of 14,116 grant awards totaling \$172,168,303. The sample of 636<sup>1</sup> applications totaled \$8,073,347. As a result of applying our procedures, we noted exceptions totaling \$346,147 (4.29% of \$8,073,347 analyzed) in 30 grant applications. Projecting the sample exception results of 4.29% to the population of \$172,168,303 yields exceptions ranging from \$7,012,681 to \$7,750,857.

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<sup>1</sup> The sample size was calculated using a 99% confidence level and a 5% margin of error.

The two samples combined consisted of 7,323 grant awards totaling \$87,792,565. The following table presents a breakdown of the exceptions we noted for the two samples by finding type (Table 1).

<b>Finding Type</b>	<b>Number of Occurrences</b>	<b>Exception Amount</b>	<b>Exceptions as a Percent of Total Analyzed (\$87,792,565)</b>	<b>Resolved Exceptions</b>	<b>Unresolved Exceptions</b>	<b>Unresolved Exceptions as a Percent of Total Analyzed (\$87,792,565)</b>
Applicant Ineligible	168	\$1,899,803	2.16%	\$1,523,641	\$376,162	0.43%
Unsupported QuickRelief Expenses	268	2,110,617	2.40	1,665,757	444,860	0.51
Unsupported Itemized Expenses	150	952,110	1.09	614,536	337,574	0.38
<b>Total</b>	<b>586</b>	<b>\$4,962,530</b>	<b>5.65%</b>	<b>\$3,803,934</b>	<b>\$1,158,596</b>	<b>1.32%</b>

Following are the procedures we applied and the resulting findings for the three finding types (*Applicant Ineligible*, *QuickRelief Expenses Not Supported*, and *Itemized Expenses Not Supported*) mentioned in Table 1 above.

**PROCEDURE:** We confirmed that the applicant met all eligibility requirements set forth in Act 311 of the 2020 Regular Legislative Session.

**FINDING:** Of the 7,323 grant applications we confirmed, the applicant met all eligibility requirements for 7,155 (97.71%). However, we noted exceptions totaling \$1,899,803 (2.16% of \$87,792,565 analyzed) in the other 168 grant applications. MSRP staff worked with the grant recipients to resolve exceptions totaling \$1,523,641. The unresolved exceptions total \$376,162 (0.43% of \$87,792,565 analyzed).

**PROCEDURE:** We confirmed that the QuickRelief Grant awards met all eligibility and documentation requirements set forth in MSRP policies.

**FINDING:** Of the 6,766 QuickRelief awards we confirmed, 6,498 (96.04%) met all eligibility and documentation requirements set forth in MSRP policies. However, we noted exceptions totaling \$2,110,617 (2.40% of \$87,792,565 analyzed) in the other 268 QuickRelief awards. MSRP staff worked with

the grant recipients to resolve exceptions totaling \$1,665,757. The unresolved exceptions total \$444,860 (0.51% of \$87,792,565 analyzed).

**PROCEDURE:** We confirmed that the Itemized Expenses Grant awards met all eligibility and documentation requirements set forth in MSRP policies.

**FINDING:** Of the 557 Itemized Expenses awards we confirmed, 407 (73.07%) met all eligibility and documentation requirements set forth in MSRP policies. However, we noted exceptions totaling \$952,110 (1.09% of \$87,792,565 analyzed) in the other 150 Itemized Expenses awards. MSRP staff worked with the grant recipients to resolve exceptions totaling \$614,536. The unresolved exceptions total \$337,574 (0.38% of \$87,792,565 analyzed).

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the completeness and accuracy of the grant applications and supporting documentation submitted by Louisiana businesses to Treasury for payment under the MSRP during the period July 1, 2020, through January 31, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to assist Treasury management in evaluating the completeness and accuracy of grant applications and supporting documentation submitted by Louisiana businesses under the MSRP during the period July 1, 2020, through January 31, 2021. Accordingly, this report is not suitable for any other purpose. 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

MJW/aa

MSRP 2020



## BACKGROUND

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The Louisiana Department of Treasury (Treasury) is the state agency responsible for administering the Main Street Recovery Program (MSRP), under the authority granted to it by Act No. 311 of the 2020 Regular Legislative Session.

The MSRP includes \$275 million to be distributed to small businesses in the state of Louisiana via grants of up to \$15,000 for expenses and business interruption related to the COVID-19 virus pandemic. Funding for the grant program was made available to the state in the “Coronavirus Aid, Relief, and Economic Security Act” or “CARES Act” on January 3, 2020, by the United States Congress.

Louisiana businesses submit grant applications and supporting documentation to Treasury for payment under the MSRP. Our engagement with Treasury requires the Louisiana Legislative Auditor’s (LLA) engagement team to confirm the completeness and accuracy of the grant applications and the supporting documentation submitted by Louisiana businesses.

Treasury, through its contractor Postlewaite and Netterville (P&N), reviewed the grant applications and supporting documentation submitted by Louisiana businesses to ensure applicant and grant award eligibility and sufficiency of the documentation provided as required by the CARES Act, Act 311 of the 2020 Regular Session, and MSRP policies. After Treasury’s review and approval of grant applications, the LLA engagement team confirmed applicant and grant award eligibility and the sufficiency of the documentation provided as required by the CARES Act, Act 311 of the 2020 Regular Session, and MSRP policies and reported all findings to Treasury management. Treasury management directed the MSRP staff to work with grant recipients to resolve the findings.





## APPENDIX A

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### Management's Response





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# JOHN M. SCHRODER

LOUISIANA STATE TREASURER

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April 29, 2021

P.O. Box 44154  
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Mr. Michael J. Waguespack, CPA  
Legislative Auditor  
1600 North Third Street  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Management's Response to Independent Accountant's Report on Agreed-Upon Procedures, Main Street Recovery Program for the period July 1, 2020 – January 31, 2021

Dear Mr. Waguespack:

I am pleased to receive, review, and respond to the April 27, 2021, Independent Accountant's Report on the Application of Agreed-Upon Procedures for the Louisiana Main Street Recovery Program (MSRP). The purpose of this program, administered by the Louisiana Department of Treasury, was to provide economic relief in the form of grants to small businesses impacted by the COVID-19 pandemic.

Act 311 of the 2020 Regular Session of the Louisiana Legislature allocated \$275M to MSRP. The program kicked off on July 1, 2020 and began accepting grant applications four weeks later. The maximum grant awarded to any one business was \$15,000. The program ceased making new awards in January, 2021, after exhausting award funds.

From the program's inception, the Louisiana Legislative Auditor (LLA) served a key program role providing valuable insight, recommendations, and auditing services which helped the program achieve a remarkable degree of success. Led by John Morehead, LLA's audit team carefully reviewed 35% of all applications that received a grant during the period of engagement. I know this level of commitment required long workdays, weekend, and holiday hours during the five month active period of the program. The time your staff spent assisting us to establish the parameters of the program before accepting applications, and the audit work after the program's conclusion, was instrumental in what I consider a model grant program.

At the onset, MSRP established an aggressive goal of having a 3% or less exception rate. In total, LLA reviewed 7,323 grants totaling \$87,792,565. I could not be more pleased, that with LLA's guidance, the final result of unresolved exceptions as a percent of the total is **1.32%**.

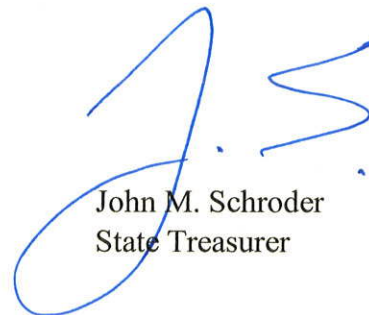
Specifically, the 586 noted exceptions found in the Agreed Upon Procedures component of the engagement with your office had a reported combined award potential value of \$4,962,530. The program's design allowed MSRP's management team to take corrective actions on each reported exception before, during, or immediately after the grant award determination. By taking action as the program was ongoing, instead of the conclusion, MSRP's management team was able to quickly mitigate 77% or \$3,803,934 of the amount associated with the 586 exceptions.

As stated in the report, the Department of Treasury has issued demand letters totaling \$456,838 in unresolved exceptions in the audit. To date, Treasury has recovered \$143,774.20 or 31% of that total.

In addition to exceptions noted in the audit, MSRP's internal anti-fraud, waste, and abuse procedures have recovered an additional \$176,655.11 from demand letters issued by the program. The program's internal anti-fraud program has also referred 108 applicants to the Office of Inspector General for fraud or attempted fraud. MSRP program staff are assisting OIG as they further investigate and begin possible prosecution.

Considering the short time frame to establish and execute the program (six months), amount of funds appropriated to the program (\$275M), and the administrative rate (five percent), I am proud of our collective work that made awards to more than 20,000 Louisiana small businesses. Our partnership with the Louisiana Legislature, LLA, the Louisiana Department of Revenue, the Secretary of State, the Louisiana Workforce Commission, and our MSRP management team members achieved remarkable results.

Sincerely,



John M. Schroder  
State Treasurer

JMS/rk