

An Agreed-Upon Procedures Report on the
**GOVERNOR’S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
PUBLIC ASSISTANCE PROGRAM
JULY - DECEMBER 2019**
Issued April 1, 2020



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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

February 28, 2020

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, which were agreed to by the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) management, on the completeness and accuracy of documentation submitted by sub-grantees under the Public Assistance (PA) program during the period July 1, 2019, through December 31, 2019. GOHSEP management is responsible for the completeness and accuracy of documentation submitted by sub-grantees of the PA program. The sufficiency of these procedures is solely the responsibility of GOHSEP 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.

PUBLIC ASSISTANCE REIMBURSEMENT REQUEST REVIEWS

For the period July 1, 2019, through December 31, 2019, we confirmed the completeness and accuracy of 1,955 expense reimbursements submitted by GOHSEP's disaster recovery specialists totaling \$242,789,467. As a result of applying our procedures, we noted exceptions, which exceeded \$500 per expense reimbursement review, totaling \$15,462,973 (6.37%) in 272 expense reimbursements. GOHSEP management has directed its staff to resolve the exceptions prior to final payment, thus eliminating questioned costs. The following tables present a breakdown of the exceptions by work type (Table 1) and finding type (Table 2).

Table 1 Exceptions by Work Type			
Work Type	Number of Occurrences	Exception Amount	Exceptions as a Percent of Total Analyzed (\$242,789,467)
Contract Work	180	\$11,825,455	4.87%
Force Account Equipment	15	388,794	0.16
Force Account Labor	23	1,390,811	0.57
Materials	54	1,857,913	0.77
Rented Equipment	0	0	0
Total	272	\$15,462,973	6.37%

Table 2 Exceptions by Finding Type			
Finding Type	Number of Occurrences	Exception Amount	Exceptions as a Percent of Total Analyzed (\$242,789,467)
Out of Scope	42	\$1,849,778	0.76%
Lack of Support	148	7,725,048	3.18
Procurement not Documented	44	3,447,757	1.42
Ineligible Costs	63	2,220,642	0.91
Errors	16	219,748	0.10
Total	313*	\$15,462,973	6.37%

*The number of occurrences by finding type is greater than the number of occurrences by work type because each work type may contain multiple findings.

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 Table 2 on the previous page.

PROCEDURE: For all reimbursement requests except those in the “Project Closeout” step of the process checklist in louisianapa.com, we confirmed that the work reflected in the reimbursement request was within the scope approved for the project and that the requested amount did not exceed the cost estimate.

FINDING: Of the 1,955 expense reimbursements we confirmed, 513 were in the “Project Closeout” step and were excluded from this procedure. An additional 1,400 expense reimbursements were within the scope approved for the project and did not exceed the cost estimate. However, we noted exceptions totaling \$1,849,778 (0.76%) in the other 42 expense reimbursements.

PROCEDURE: We confirmed that the requested amount was supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation.

FINDING: Of the 1,955 expense reimbursements we confirmed, 1,807 were supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation. However, we noted exceptions totaling \$7,725,048 (3.18%) in the other 148 expense reimbursements.

PROCEDURE: We confirmed that the contracts and purchases totaling more than \$30,000 per vendor per calendar year complied with applicable federal and state procurement requirements.

FINDING: Of the 1,955 expense reimbursements we confirmed, 1,911 contained purchases totaling more than \$30,000 per vendor per calendar year that complied with applicable federal and state procurement requirements. However, we noted exceptions totaling \$3,447,757 (1.42%) in the other 44 expense reimbursements.

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

FINDING: Of the 1,955 expense reimbursements we confirmed, 1,892 complied with applicable FEMA regulations and guidance. However, we noted exceptions totaling \$2,220,642 (0.91%) in the other 63 expense reimbursements.

PROCEDURE: We confirmed that the Cost Estimate Tool (CET) and the Expense Review Form (ERF) did not contain duplicate, omitted, and/or mis-categorized expenses.

FINDING: Of the 1,955 expense reimbursements we confirmed, 1,939 included a CET or ERF that did not contain duplicate, omitted, and/or incorrectly categorized expenses. However, we noted exceptions totaling \$219,748 (0.10%) in the other 16 expense reimbursements.

TOTAL EXCEPTIONS AND AMOUNT RESOLVED

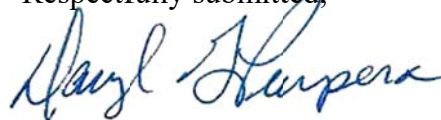
PROCEDURE: For the period April 1, 2008, through December 31, 2019, we accumulated total potential questioned costs and resolved amounts.

FINDING: During the period April 1, 2008, through December 31, 2019, we confirmed the completeness and accuracy of expense reimbursements totaling \$14,536,064,548. We noted exceptions totaling \$1,290,181,052 (8.88%). GOHSEP worked with the sub-grantees to resolve \$1,214,771,505 (94.16%) of the exceptions, of which \$21,125,920 was resolved this reporting period.

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 documentation submitted by sub-grantees of the PA program during the period July 1, 2019, through December 31, 2019, or on GOHSEP's compliance with 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 might have come to our attention that would have been reported to you.

The purpose of this report is solely to assist GOHSEP management in evaluating the completeness and accuracy of documentation submitted by sub-grantees of the PA program during the period July 1, 2019, through December 31, 2019. 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,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

BACKGROUND

The Federal Emergency Management Agency Public Assistance (PA) Grant Program provides assistance to state and local governments and certain private nonprofit entities to respond to and recover from major disasters or emergencies declared by the President of the United States. Specifically, the PA program provides assistance for debris removal, emergency protective measures, and permanent restoration of infrastructure. The federal share of these expenses typically cannot be less than 75 percent of eligible costs.

The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) is responsible for coordinating the state's efforts throughout the emergency management cycle to prepare for, prevent where possible, respond to, help recover from, and mitigate against to lessen the effects of man-made or natural disasters in Louisiana. GOHSEP is the grantee for the PA funds and has been designated as the state agency responsible for program administration.

Sub-grantees submit reimbursement requests and supporting documentation to GOHSEP for payment through the PA 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 review process begins when sub-grantees submit reimbursement requests and supporting documentation. 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 the reviews on expense review forms and then submit the forms and all supporting documentation (expense reimbursements) to the team leads. The team leads conduct a review and then submit the expense reimbursements to the LLA document review team to be reviewed under our agreed-upon procedures engagement.

The LLA document review team analyzes the expense reimbursements and supporting documentation to confirm the completeness and accuracy of documentation submitted by sub-grantees under the PA 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 expense reimbursements 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

ADDDPA-2020-0313-009

March 13, 2020

Daryl Purpera, CPA, CFE
Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, Louisiana 70804-9397

RE: Draft Public Assistance - Agreed Upon Procedures Engagement
Public Assistance Program – July 1st, 2019 – December 31st, 2019

Dear Mr. Purpera:

We have received the draft report compiled by the Legislative Auditor's Recovery Assistance Division reviewing the State's Public Assistance (PA) program for the second half of 2019 (July through December 2019). We have reviewed your report and concur with the exceptions identified in the report.

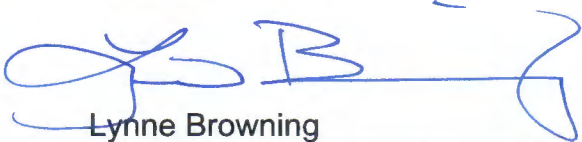
We would like to note that we share these reports with our management group to assist them in identifying training opportunities for our staff. Training and education are top priorities for GOHSEP, and these reports are instrumental in assisting us in ensuring that both internal and external stakeholders are receiving proper guidance. In fact we have noted a decrease in questioned costs during this reporting period.

It is also important to note that GOHSEP has the mechanisms in place to address many of the questioned costs found within your report. Out of scope work can be addressed by requesting a FEMA scope alignment and upon obligation resubmitting the invoices in question. Costs submitted which do not have all support documentation are addressed with the applicant to receive any missing documents. Procurement issues are also regularly addressed and corrected by working with the applicant to better document their procurement process and by analyzing the costs incurred to ensure those costs are reasonable.

We would also like to note that our review process necessitates that any exceptions identified within your report are required to be addressed before project closeout. GOHSEP has made considerable progress in addressing all historical questioned costs and have realized a high success rate using the information your staff provides to remedy any outstanding issues.

Your reports continue to assist us in the improvement of our processes and provide important feedback which will assist us in achieving our 100% accuracy goal.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Lynne Browning', with a long horizontal line extending to the right.

Lynne Browning
Assistant Deputy Director – Public Assistance