



Report Highlights

Executive Department

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Financial Audit Services • March 2018

Why We Conducted This Audit

We performed certain procedures at the Executive Department as a part of the Comprehensive Annual Financial Report (CAFR) of the State of Louisiana, the Single Audit of the State of Louisiana, and to evaluate the department's accountability over public funds for the period July 1, 2016, through June 30, 2017.

What We Found

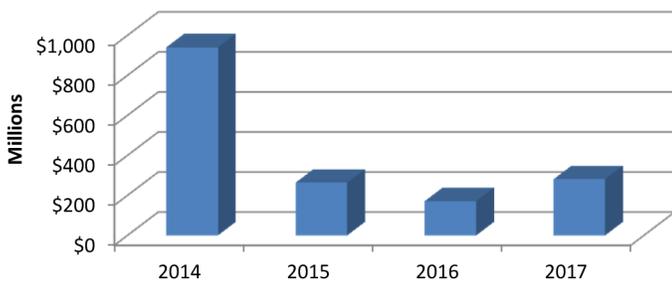
The Community Development Block Grant (CDBG) Homeowner Assistance Program (HAP) is the largest single housing recovery program in U.S. history, with approximately \$8.9 billion in disbursements since fiscal year 2007. This program assists families affected by hurricanes Katrina and Rita get back into their homes.

- The Division of Administration, Office of Community Development (OCD) identified \$281 million in noncompliant HAP awards for 7,477 homeowners through post-award monitoring. Failure to recover benefits from noncompliant homeowners could result in disallowed costs that the State could be liable to repay to the Federal government.

The CDBG Small Rental Property Program (SRPP) provides funding to property owners to repair their storm-damaged, small-scale rental properties and make their units available to low- and moderate-income tenants at affordable rates.

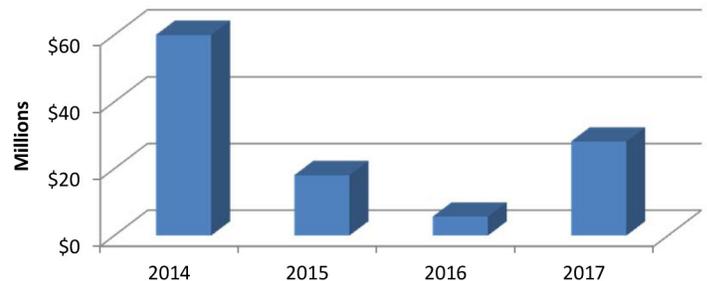
- OCD identified \$28.1 million in SRPP loans for 272 property owners who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status. Failure to take appropriate action to recover loans from noncompliant property owners could result in disallowed costs.

HAP Awards added to Recovery, by Fiscal Year



Source: OCD Grant Recapture Reports

SRPP Awards added to Recovery, by Fiscal Year



Source: OCD Loan Recovery Reports

- The Office of Technology Services (OTS) does not have a prioritized listing of critical services and applications for its user agencies and does not have identified personnel and resources within these agencies necessary for proper decision-making and execution of procedures in the event of a disaster. As a result, components of OTS' new disaster recovery plan that depend on agency continuity of operations plans may be inadequate or not fully executable.
- OCD improperly authorized and provided CDBG funds for the payment of \$196,389 in ad valorem property taxes on land and property in Orleans Parish obtained by the Louisiana Land Trust (LLT) under the Road Home program and subsequently transferred to the New Orleans Redevelopment Authority. These payments resulted in noncompliance with federal regulations and increase the risk of disallowed costs that would require repayment to the federal grantor.