

An Agreed-Upon Procedures Report on the  
**GOVERNOR’S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS  
HAZARD MITIGATION PROGRAM  
JULY - DECEMBER 2018**  
March 27, 2019



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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

February 21, 2019

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 management of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), on the completeness and accuracy of documentation submitted by sub-grantees under the Hazard Mitigation (HM) program during the period July 1, 2018, through December 31, 2018. GOHSEP management is responsible for the completeness and accuracy of documentation submitted by sub-grantees of the HM 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.

**OVERALL RESULTS**

For the period July 1, 2018, through December 31, 2018, we evaluated the completeness and accuracy of 1,242 reimbursement requests submitted by GOHSEP's disaster recovery specialists totaling \$96,723,349. As a result of our analyses, we noted exceptions, which exceed \$500 per expense reimbursement review, totaling \$10,050,443 (10.39%) in 78 reimbursement requests. The following table presents the overall results of our analyses.

<b>Exceptions</b>				
<b>Finding Type</b>	<b>Number of Occurrences</b>	<b>Exception Amount*</b>	<b>Percent of Total Exceptions (\$10,050,443)</b>	<b>Amount Resolved**</b>
Out of Scope	12	\$1,088,341	10.83%	\$225,755
Lack of Support	36	3,757,881	37.39	16,068,543
Procurement Not Documented	27	5,187,221	51.61	806,583
Ineligible Costs	3	17,000	0.17	11,000
Errors	0	0	0.00	0
<b>Total</b>	<b>78</b>	<b>\$10,050,443</b>	<b>100%</b>	<b>\$17,111,881</b>

\*Does not include exceptions noted in prior periods.

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

The following procedures and findings provide additional detail about the exceptions, which exceed \$500 per expense reimbursement review, that we identified and the resolved amounts based on five finding types: *Out of Scope*, *Lack of Support*, *Procurement Not Documented*, *Ineligible Costs*, and *Errors*.

#### **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 12 reimbursement requests where \$1,088,341 (10.83%) 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 \$225,755 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 36 reimbursement requests where \$3,757,881 (37.39%) 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 \$16,068,543 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 27 reimbursement requests where we could not confirm if applicable procurement guidelines had been followed for purchases totaling \$5,187,221 (51.61%).

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 \$806,583 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 three reimbursement requests where we could not confirm if work totaling \$17,000 (0.17%) complied with FEMA regulations and guidance.

However, through our subsequent analysis of reimbursement requests from prior reporting periods, we noted that GOHSEP either reduced the requested amount or the sub-grantees provided additional documentation to support to resolve \$11,000 of the exceptions noted as ineligible.

**PROCEDURE:** We confirmed that the Request for Reimbursement is mathematically accurate.

**FINDING:** We did not identify any reimbursement requests that contained errors.

**PROCEDURE:** We accumulated total exceptions and the amount resolved during our analysis of reimbursement requests. During the period of March 31, 2008, through December 31, 2018, we analyzed expense reimbursements totaling \$1,211,883,012. We noted exceptions totaling \$283,045,850 (23.36%). GOHSEP has worked with the sub-grantees to resolve \$182,958,214 (64.64%) of the exception amount, of which \$17,111,881 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 HM program during the period July 1, 2018, through December 31, 2018. 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 under the HM program during the period July 1, 2018, through December 31, 2018. 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

GOHSEP-HM JULY-DEC 2018

## BACKGROUND

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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

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### Management's Response



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

**JOHN BEL EDWARDS**  
GOVERNOR



**JAMES B. WASKOM**  
DIRECTOR

March 7, 2019

Mr. Daryl G. Purpera, CPA, CFE  
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RE: Draft Hazard Mitigation – Agreed Upon Procedures  
Hazard Mitigation Program – July 1, 2018 through December 31, 2018

Dear Mr. Purpera:

The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) has received and thoroughly 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 second half of 2018 (July 1, 2018 through December 31, 2018). We appreciate the insight provided in this report.

GOHSEP takes great pride in administering the State's HMGP and in the work accomplished by our team. In the second half of 2018, HMGP grants management staff processed \$96,723,349 in mitigation disbursements to vulnerable parishes within our State – almost double the amount disbursed in the previous reporting period. We take the exceptions noted in the report seriously and strive to manage this program in a conscientious manner. In an effort to support our staff and the proper administration of the program, we will continue working to address identified shortfalls.

Procurement continues to make up the bulk of exceptions and amounted to over 50% of the findings as indicated in this period's report. Of the \$10M in questioned costs, however, \$4.5M or 45% was from one single finding. The remaining 26 findings resulted in \$678K in questioned costs – a marked improvement over the previous reporting period.

The GOHSEP HM review process requires that exceptions with which management concurs are required to be addressed before disbursement of funds or project closeout.

Mr. Daryl G. Purpera, CPA, CFE  
March 7, 2019  
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We continue to address all questioned costs and have realized a higher success rate (given the aforementioned single finding) using the information your staff provides to remedy any outstanding issues.

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

Sincerely,



Sean Wyatt  
Assistant Deputy Director – Hazard Mitigation

SW:dsd