

An Agreed-Upon Procedures Report on the
**GOVERNOR'S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
PUBLIC ASSISTANCE PROGRAM
JANUARY - JUNE 2019**
Issued September 18, 2019



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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

August 29, 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 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 January 1, 2019, through June 30, 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 January 1, 2019, through June 30, 2019, we confirmed the completeness and accuracy of 2,725 expense reimbursements submitted by GOHSEP's disaster recovery specialists totaling \$434,857,606. As a result of applying our procedures, we noted exceptions, which exceeded \$500 per expense reimbursement review, totaling \$25,204,970 (5.80%) in 381 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 (\$434,857,606)
Contract Work	268	\$22,421,958	5.16%
Force Account Equipment	30	191,143	0.04
Force Account Labor	21	879,402	0.20
Materials	57	1,687,826	0.39
Rented Equipment	5	24,641	0.01
Total	381	\$25,204,970	5.80%

Table 2 Exceptions by Finding Type			
Finding Type	Number of Occurrences	Exception Amount	Exceptions as a Percent of Total Analyzed (434,857,606)
Out of Scope	55	\$988,054	0.23%
Lack of Support	213	11,966,506	2.75
Procurement not Documented	72	9,422,839	2.17
Ineligible Costs	75	2,522,718	0.58
Errors	22	304,853	0.07
Total	437*	\$25,204,970	5.80%

*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 above.

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 expense reimbursement was within the scope approved for the project and that the requested amount did not exceed the cost estimate.

FINDING: Of the 2,725 expense reimbursements we confirmed, 966 were in the “Project Closeout” step and were excluded from this procedure. An additional 1,704 expense reimbursements were within the scope approved for the project and did not exceed the cost estimate. However, we noted exceptions totaling \$988,054 (0.23%) in the other 55 expense reimbursements.

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

FINDING: Of the 2,725 expense reimbursements we confirmed, 2,512 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 \$11,966,506 (2.75%) in the other 213 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 2,725 expense reimbursements we confirmed, 2,653 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 \$9,422,839 (2.17%) in the other 72 expense reimbursements.

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

FINDING: Of the 2,725 expense reimbursements we confirmed, 2,650 complied with applicable FEMA regulations and guidance. However, we noted exceptions totaling \$2,522,718 (0.58%) in the other 75 expense reimbursements.

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

FINDING: Of the 2,725 expense reimbursements we confirmed, 2,703 included a CET or ERF that did not contain duplicate, omitted, and/or incorrectly categorized expenses. However, we noted exceptions totaling \$304,853 (0.07%) in the other 22 expense reimbursements.

TOTAL EXCEPTIONS AND AMOUNT RESOLVED

PROCEDURE: For the period March 31, 2008, through June 30, 2019, we accumulated total exceptions and the amount resolved.

FINDING: During the period March 31, 2008, through June 30, 2019, we confirmed the completeness and accuracy of expense reimbursements totaling \$14,286,068,272. We noted exceptions totaling \$1,275,829,053 (8.93%). GOHSEP worked with the sub-grantees to resolve \$1,198,296,586 (93.92%) of the exceptions, of which \$50,624,567 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 on the completeness and accuracy of documentation submitted by sub-grantees of the PA program during the period January 1, 2019, through June 30, 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 January 1, 2019, through June 30, 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

GOHSEP-PA JAN - JUNE 2019

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

ADDP-2019-0912-038

September 12, 2019

Mr. Daryl G. Purpera, CPA, CFE
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Draft Public Assistance Division Report
January 1, 2019 – June 30, 2019

Dear Mr. Purpera:

We have received the draft report compiled by the Legislative Auditor's Recovery Assistance Division that reviews the Public Assistance (PA) program for the first half of 2019 (January 1, 2019 through June 30, 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. Staff development is one of our top priorities at GOHSEP, and these reports are instrumental in assisting us to ensure 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 several tools in place to address many of the questioned costs found within your report. GOHSEP has made considerable progress in addressing historical questioned costs and have performed increasingly well 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'. The signature is stylized with a large initial 'L' and a prominent 'B'.

Lynne Browning
Assistant Deputy Director – Public Assistance

LB: as