

An Agreed-Upon Procedures Report on the  
**GOVERNOR'S OFFICE OF HOMELAND SECURITY  
AND EMERGENCY PREPAREDNESS  
PUBLIC ASSISTANCE PROGRAM  
JANUARY - JUNE 2018**  
Issued September 26, 2018



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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

August 24, 2018

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 performed the procedures enumerated below, which were agreed to by the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) management, solely to assist GOHSEP management in evaluating the completeness and accuracy of documentation submitted by sub-grantees under the Public Assistance (PA) program during the period January 1, 2018, through June 30, 2018. GOHSEP management is responsible for the completeness and accuracy of documentation submitted by sub-grantees of the PA program.

This agreed-upon procedures engagement was conducted in accordance with the applicable attestation standards established by the American Institute of Certified Public Accountants and the applicable attestation standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of GOHSEP management. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

**PUBLIC ASSISTANCE REIMBURSEMENT REQUEST REVIEWS**

We evaluated the completeness and accuracy of 2,833 expense reimbursements submitted by GOHSEP's disaster recovery specialists totaling \$438,029,681. As a result of our analyses, we noted exceptions, which exceeded \$500 per expense reimbursement review, totaling \$64,748,482 (14.78%) in 479 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).

<b>Table 1 Exceptions by Work Type</b>			
<b>Work Type</b>	<b>Number of Occurrences</b>	<b>Exception Amount</b>	<b>Exceptions as a Percent of Total Analyzed (\$438,029,681)</b>
Contract Work	347	\$52,943,732	12.09%
Force Account Equipment	26	2,877,763	0.66
Force Account Labor	41	3,637,692	0.83
Materials	63	5,286,627	1.20
Rented Equipment	2	2,668	negligible
<b>Total</b>	<b>479</b>	<b>\$64,748,482</b>	<b>14.78%</b>

<b>Table 2 Exceptions by Finding Type</b>			
<b>Finding Type</b>	<b>Number of Occurrences</b>	<b>Exception Amount</b>	<b>Exceptions as a Percent of Total Analyzed (\$438,029,681)</b>
Out of Scope	99	\$2,292,861	0.52%
Lack of Support	255	40,121,678	9.16
Procurement not Documented	91	11,952,466	2.73
Ineligible Costs	91	9,425,230	2.15
Errors	33	956,247	0.22
<b>Total</b>	<b>569*</b>	<b>\$64,748,482</b>	<b>14.78%</b>

\*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.

The following procedures and findings categorize the \$64,748,482 of exceptions into the five finding types outlined in Table 2: *Out of Scope*, *Lack of Support*, *Procurement not Documented*, *Ineligible Costs*, and *Errors*.

**PROCEDURE:** For all reimbursement requests except those in the “Project Closeout” step of the process checklist in louisianapa.com, we confirmed whether 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 2,833 expense reimbursements we analyzed, 653 were in the “Project Closeout” step and were excluded from this procedure. An additional 2,081 expense reimbursements were within the scope approved for the project and did not exceed the cost estimate. However, we noted exceptions totaling \$2,292,861 (0.52%) in the other 99 expense reimbursements.

**PROCEDURE:** We confirmed whether 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 2,833 expense reimbursements we analyzed, 2,578 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 \$40,121,678 (9.16%) in the other 255 expense reimbursements.

**PROCEDURE:** We confirmed whether 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 2,833 expense reimbursements we analyzed, 2,742 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 \$11,952,466 (2.73%) in the other 91 expense reimbursements.

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

**FINDING:** Of the 2,833 expense reimbursements we analyzed, 2,742 complied with applicable FEMA regulations and guidance. However, we noted exceptions totaling \$9,425,230 (2.15%) in the other 91 expense reimbursements.

**PROCEDURE:** We confirmed whether the Cost Estimate Tool (CET) and the Expense Review Form (ERF) contained duplicate, omitted, and/or incorrectly categorized expenses.

**FINDING:** Of the 2,833 expense reimbursements we analyzed, 2,800 included a CET or ERF that did not contain duplicate, omitted, and/or incorrectly categorized expenses. However, we noted exceptions totaling \$956,247 (0.22%) in the other 33 expense reimbursements.

#### **TOTAL EXCEPTIONS AND AMOUNT RESOLVED**

**PROCEDURE:** We accumulated total exceptions and the amount resolved during our analysis of reimbursement requests.

**FINDING:** During the period March 31, 2008, through June 30, 2018, we analyzed expense reimbursements totaling \$13,460,150,679. We noted exceptions totaling \$1,205,520,847 (8.96%). GOHSEP worked with the sub-grantees to resolve \$1,104,664,432 (91.63%) of the exceptions, of which \$52,007,946 was resolved this reporting period.

We were not engaged to and did not conduct an examination, the objective of which would be to express an opinion on the documentation submitted by the sub-grantees to support reimbursement of expenses eligible for funding through the PA program or on GOHSEP's compliance with 2 CFR part 200 and 44 CFR parts 13 and 206. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

This report is intended solely for information and use by GOHSEP management and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than those parties. However, 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 2018

## BACKGROUND

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The Federal Emergency Management Agency (FEMA) 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

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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

September 7, 2018

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 – January 1, 2018-June 30, 2018

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 first half of 2017 (January 1, 2018 through June 30, 2018). 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.

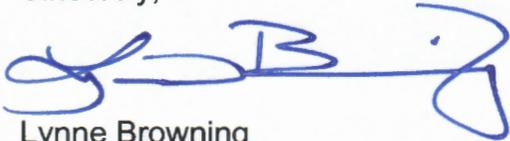
It is also important to note that GOHSEP has the mechanisms in place to address many of the questioned costs found within your report. Out of scope work can be addressed by requesting a FEMA scope alignment and upon obligation resubmitting the invoices in question. Costs submitted which do not have all 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.

Mr. Daryl Purpera, CPA, CFE  
September 7, 2018  
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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,



Lynne Browning  
Assistant Deputy Director – Public Assistance