

An Agreed-Upon Procedures Report on the
**GOVERNOR’S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
HAZARD MITIGATION PROGRAM**
JANUARY - JUNE 2016
October 12, 2016



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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

September 14, 2016

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 described on the following pages for the period January 1, 2016, through June 30, 2016, which were requested and agreed to by management of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), solely to assist GOHSEP management in evaluating the completeness and accuracy of documentation submitted by sub-grantees under the Hazard Mitigation (HM) program. GOHSEP management is responsible for the completeness and accuracy of documentation submitted by sub-grantees of the HM 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. 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.

OVERALL RESULTS

For the period January 1, 2016, through June 30, 2016, we evaluated the completeness and accuracy of 689 reimbursement requests totaling \$91,415,135 submitted by GOHSEP's disaster recovery specialists. As a result of our analyses, we noted exceptions totaling \$22,304,038 (24.4%) in 247 reimbursement requests. The following table presents the overall results of our analyses.

Exceptions				
Finding Type	Number of Occurrences	Exception Amount*	Percent of Total Exceptions	Amount Resolved**
Out of Scope	47	\$1,409,876	6.32%	\$1,901,163
Lack of Support	99	8,182,317	36.68%	1,904,673
Procurement Not Documented	96	11,753,412	52.70%	1,799,684
Ineligible Costs	3	729,164	3.27%	729,164
Errors	2	229,269	1.03%	212,769
Total	247	\$22,304,038		\$6,547,453

* 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 and 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 47 reimbursement requests where \$1,409,876 of work was not within the approved scope of the project.

Through our subsequent analysis of three reimbursement requests from the current reporting period and two requests from prior reporting periods, we noted that the sub-grantees provided approved amended scopes of work to support \$1,901,163 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 99 reimbursement requests where \$8,182,317 worth of expenses were not supported by sufficient documentation.

Through our subsequent analyses of 25 of those requests, we noted that GOHSEP either reduced the requested amount or the sub-grantees

provided sufficient documentation to support \$1,904,673 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 96 reimbursement requests where we could not confirm if applicable procurement guidelines had been followed for purchases totaling \$11,753,412.

Through our subsequent analyses of 22 of those requests, we noted that GOHSEP either reduced the requested amount or the sub-grantees provided additional documentation to support \$1,799,684 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: As a result of this procedure, we identified three reimbursement requests where we could not confirm if work totaling \$729,164 complied with FEMA regulations and guidance.

Through our subsequent analysis of those requests, we noted that GOHSEP reduced the requested amount to resolve all of the exceptions noted as ineligible.

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

Finding: As a result of this procedure, we identified two reimbursement requests that contained errors for purchases totaling \$229,269.

Through our subsequent analysis of one request, we noted that GOHSEP reduced the requested amount to support \$212,769 of the exceptions noted as errors.

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

Finding: During the period of March 31, 2008, through June 30, 2016, we analyzed expense reimbursements totaling \$659,703,615. We noted exceptions totaling \$239,698,118 (36%). GOHSEP worked with the sub-grantees to resolve 51% (\$123,147,179) of the exception amount.

We were not engaged to and did not conduct an examination, the objective of which would be to express an opinion on documentation submitted by sub-grantees to support reimbursement of expenses eligible for funding through the HM program or on GOHSEP's

compliance with 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 the information and use of 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-HM JAN-JUNE 2016

BACKGROUND

The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) is the state agency responsible for responding to, and recovering 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 their team leads. After the team leads review the requests for advance or reimbursement and all supporting documentation, they submit them to the LLA's 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

Management's Response

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

JOHN BEL EDWARDS
GOVERNOR



JAMES B. WASKOM
DIRECTOR

October 6, 2016

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

RE: Draft Hazard Mitigation – Agreed Upon Procedures
Hazard Mitigation Program – January 1, 2016 through June 30, 2016

Dear Mr. Purpera:

We have received the draft report compiled by the Legislative Auditor's Recovery Assistance Division reviewing the State's Hazard Mitigation Grant Program (HMGP) for the first half of 2016 (January 1, 2016 through June 30, 2016).

We continue to share these reports with our management group to assist them in identifying new training opportunities for our staff. Training and education remain a top priority for GOHSEP, and these reports are instrumental in assisting us in ensuring that both internal and external stakeholders are receiving proper guidance. We would also like to note that our review process necessitates that exceptions that management concurs with are required to be addressed before payment or project closeout.

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,

Casey Tingle
Assistant Deputy Director
Hazard Mitigation

CT:ttw