

GOVERNOR'S OFFICE OF HOMELAND SECURITY AND EMERGENCY PREPAREDNESS

HAZARD MITIGATION GRANT PROGRAM

RECOVERY ASSISTANCE SERVICES

**Agreed-Upon Procedures Report
for the period January-June 2023
Issued September 13, 2023**

**LOUISIANA LEGISLATIVE AUDITOR
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August 24, 2023

Independent Accountant's Report
On the Application of Agreed-Upon Procedures

MR. CASEY TINGLE, DIRECTOR
GOVERNOR'S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
Baton Rouge, Louisiana

We have performed the procedures enumerated below on documentation submitted by sub-grantees and technical assistance contractors (Documentation) to the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) for reimbursement under the Hazard Mitigation Grant Program (HMGP) for the semi-annual period ending June 30, 2023. GOHSEP management is responsible for the Documentation.

GOHSEP management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the Documentation. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

OVERALL RESULTS

For the period January 1, 2023, through June 30, 2023, we performed procedures on the Documentation for 207 reimbursement requests totaling \$19,850,540. As a result of applying our procedures, we noted exceptions, which exceed \$500 per reimbursement request, totaling \$2,038,399 (10.27%) in 33 reimbursement requests. The following table presents the overall results of our procedures.



Exceptions				
Finding Type	Number of Occurrences	Exception Amount*	Percent of Total Exceptions	Amount Resolved**
Out-of-Scope	2	\$391,098	19.19%	\$170,207
Lack of Support	28	1,637,876	80.35	1,616,877
Procurement Not Documented	2	8,215	0.40	149,020
Ineligible Costs	0	0	0.00	0
Errors	1	1,210	0.06	0
Total	33	\$2,038,399	100%	\$1,936,104

*Does not include exceptions noted in prior periods.

**Includes exceptions noted in prior periods but resolved in the current period.

The procedures and associated findings are as follows:

PROCEDURE 1: 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 1: We identified two reimbursement requests where \$391,098 (19.19%) of the work was not within the approved scope of the project.

Through our subsequent application of this procedure on reimbursement requests from the current and prior reporting periods, we noted that the sub-grantees provided approved amended scopes of work to support \$170,207 of the exceptions noted for out-of-scope expenses.

PROCEDURE 2: 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 2: We identified 28 reimbursement requests where \$1,637,876 (80.35%) of expenses were not supported by sufficient documentation.

Through our subsequent application of this procedure on 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 \$1,616,877 of the exceptions noted for lack of support.

PROCEDURE 3: 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 3: We identified two reimbursement requests for contracts greater than \$10,000, where we could not confirm that applicable procurement guidelines had been followed for purchases totaling \$8,215 (0.40%).

Through our subsequent application of this procedure on 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 \$149,020 of the exceptions noted for unsupported procurement.

PROCEDURE 4: We confirmed that the work reflected in the reimbursement request complies with applicable FEMA regulations and guidance.

FINDING 4: We found no exceptions as a result of this procedure.

PROCEDURE 5: We confirmed that the expenses uploaded to gohsepgrants.la.gov (LAHM) for each reimbursement request do not contain duplicate invoices, incorrect vendor information, and/or incorrect invoice amounts.

FINDING 5: We identified one reimbursement request where \$1,210 (0.06%) of expenses were duplicated.

PROCEDURE 6: We accumulated the total potential questioned costs and resolved amounts noted during our analysis of reimbursement requests.

FINDING 6: During our analysis of reimbursement requests totaling \$1,546,351,687 for the period April 1, 2008, through June 30, 2023, we identified potential questioned costs totaling \$316,097,560 (20.44%) of which a total of \$218,244,120 (69.04%) was resolved.

We were engaged by GOHSEP management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with Generally Accepted *Government Auditing Standards* and attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct, an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Documentation submitted by sub-grantees under the HMGP program. 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.

We are required to be independent of GOHSEP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of GOHSEP management, and is not intended to be, and should not be, used by anyone other than this specified party. By provision of state law, this report is a public document and has been distributed to the appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/aa

GOHSEP-HM JAN-JUNE23

BACKGROUND

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 GOHSEP uses to accomplish its mission is the Hazard Mitigation Grant Program (HMGP). The HMGP 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 HMGP. Our engagement with GOHSEP requires the Louisiana Legislative Auditor's (LLA) document review team to perform procedures on the documentation submitted by sub-grantees and technical assistance contractors.

GOHSEP's documentation review process begins when sub-grantees and technical assistance contractors 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 performs procedures on the documentation submitted by sub-grantees and technical assistance contractors under the HMGP. Unsupported costs exceeding \$500 are considered exceptions and are reported. The LLA document review team communicates the results of their review to GOHSEP management via Findings of Review. When exceptions are noted, 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. Then, LLA's document review team performs the same agreed-upon procedures on the additional documentation. This process allows GOHSEP the opportunity to correct exceptions prior to final payment, thus eliminating questioned costs.

MANAGEMENT'S RESPONSE

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

JOHN BEL EDWARDS
GOVERNOR



JAMES B. WASKOM
DIRECTOR

September 8, 2023

Mr. Michael J. Waguespack, CPA
Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Management's Response - Agreed-Upon Procedures
Hazard Mitigation Grant Program Report January 1, 2023 - June 30, 2023

Dear Mr. Waguespack:

The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) has received and 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 first half of 2023 (January 1, 2023 through June 30, 2023). We appreciate the insight provided in your report and take the exceptions identified in it seriously.

GOHSEP takes great pride in administering the State's HMGP and in the work accomplished by our team. In the first half of 2023, HMGP grants management staff processed \$19,850,540 in mitigation reimbursement requests from eligible subrecipients. While the noted exceptions in your reports trended downward for finding types "Out-of-Scope" and "Procurement Not Documented" from the previous respective reporting period, we will continue to address all questioned costs. The data provided in your reports is valuable and helps guide us in our efforts to advise subrecipients of the proper documentation required for reimbursement requests. Ultimately this improves the accuracy and efficiency of our subsequent reviews. Our team remains vigilant in the administration of the HMGP.

Lack of supporting documentation was the largest of the noted exceptions in both the number of occurrences and percentage noted. Our grants management staff regularly addresses these concerns with HMGP subrecipients to better document their requests for reimbursement. Collaboration among the State Applicant Liaisons (SALs), Legal, and Grants Management sections continue to help reduce and/or eliminate out of scope, procurement, and lack of supporting documentation concerns.

Mr. Michael J. Waguespack, CPA, CFE

September 8, 2023

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GOHSEP has the mechanisms in place to address many of the questioned costs found within your report. We will work to address those questioned costs over the coming weeks and months. The HMGP reimbursement review process requires that exceptions identified in your report are required to be addressed before disbursement of funds or project closeout. GOHSEP continues to address all questioned costs and has realized a higher success rate during this period using the information your staff provides.

Thank you again for your review, insight, and assistance as we continue to enhance processes to achieve our goal of 100% accuracy in the administration of the HMGP.

Sincerely,



Sean Wyatt
Assistant Deputy Director
Hazard Mitigation Assistance Division

SW:bb