

An Agreed-Upon Procedures Report on the
**GOVERNOR’S OFFICE OF HOMELAND SECURITY
AND EMERGENCY PREPAREDNESS
HAZARD MITIGATION PROGRAM
JULY - DECEMBER 2020**
March 15, 2021



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March 15, 2021

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 Hazard Mitigation (HM) program during the period July 1, 2020, through December 31, 2020. 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 described below, either for the purpose for which this report has been requested or for any other purpose.

OVERALL RESULTS

For the period July 1, 2020, through December 31, 2020, we confirmed the completeness and accuracy of 570 reimbursement requests submitted by GOHSEP's disaster recovery specialists totaling \$57,143,050. As a result of applying our procedures, we noted exceptions, which exceed \$500 per expense reimbursement review, totaling \$8,584,886 (15.02%) in 123 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	17	\$740,289	8.62%	\$1,304,117
Lack of Support	66	1,510,202	17.59	2,442,671
Procurement Not Documented	36	6,322,180	73.64	588,443
Ineligible Costs	3	11,115	0.13	0
Errors	1	1,100	0.02	1,100
Total	123	\$8,584,886	100%	\$4,336,331

*Does not include exceptions noted in prior periods.

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

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 the table above.

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 17 reimbursement requests where \$740,289 (8.62%) 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 \$1,304,117 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 66 reimbursement requests where \$1,510,202 (17.59%) 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 \$2,442,671 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 36 reimbursement requests where we could not confirm if applicable procurement guidelines had been followed for purchases totaling \$6,322,180 (73.64%).

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 \$588,443 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 costs were eligible for reimbursements totaling \$11,115 (0.13%).

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

FINDING: We identified one reimbursement request with errors totaling \$1,100 (0.02%).

Through a subsequent analysis of the reimbursement request, we noted that GOHSEP provided additional documentation to support the \$1,100 exception.

TOTAL EXCEPTIONS AND AMOUNT RESOLVED

PROCEDURE: For the period April 1, 2008, through December 31, 2020, we accumulated total potential questioned costs and resolved amounts.

FINDING: During the period of April 1, 2008, through December 31, 2020, we confirmed the completeness and accuracy of expense reimbursements totaling \$1,395,194,948. We noted exceptions totaling \$298,367,670

(21.39%). GOHSEP has worked with the sub-grantees to resolve \$201,819,112 (67.64%) of the exception amount, of which \$4,336,331 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 to express an opinion or conclusion, respectively, on the completeness and accuracy of documentation submitted by sub-grantees under the HM program for the period July 1, 2020, through December 31, 2020, 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 or conclusion. Had we performed additional procedures, other matters may 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, 2020, through December 31, 2020. Accordingly, this report is not suitable for any other purposes. By provision of state law, this report is a public document and has been distributed to the appropriate public officials.

Respectfully submitted,



Thomas H. Cole, CPA, CGMA
Temporary Legislative Auditor

THC/aa

GOHSEP-HM JULY-DEC2020

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 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

Management's Response

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

JOHN BEL EDWARDS
GOVERNOR



JAMES B. WASKOM
DIRECTOR

February 25, 2021

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: Management's Response, Agreed-Upon Procedures
Hazard Mitigation Grant Program Report July 1, 2020 - December 31, 2020

Dear Mr. Purpera:

The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) has received and reviewed the 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 2020 (July 1, 2020 and December 31, 2020). 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 second half of 2020, HMGP grants management staff processed \$57,143,050 in mitigation reimbursement requests from eligible subrecipients. While the noted exceptions in your reports trended downward for finding types "Out-of-Scope" and "Lack of Support" from the previous two respective reporting periods, we will continue to address all questioned costs. The valuable data provided in your reports helps guide us in our efforts to advise our subrecipients of the proper documentation required for reimbursement requests and to improve the accuracy and efficiency of our subsequent reviews. Our team remains vigilant in the administration of the HMGP.

Lack of Procurement made up the bulk of exceptions and amounted to over 70% of the exception amount as indicated in this period's report. GOHSEP continues to make

Mr. Daryl G. Purpera, CPA, CFE
February 25, 2021
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progress in this critical area by providing increased support to HMGP subrecipients through outreach by the State Applicant Liaisons (SAL) and GOHSEP legal 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.

GOHSEP has the mechanisms in place to address the questioned costs found within your report. 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 using the information your staff provides.

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

Sincerely,



Sean Wyatt
Assistant Deputy Director
Hazard Mitigation Assistance

SW:bb