

**LOUISIANA'S  
RESPONSE TO  
HURRICANES  
KATRINA AND RITA**

# Citizen's Expectations

- Governments' should meet certain needs immediately:
  - Food
  - Water
  - Shelter
  - Sanitation
  - Security

Anything less is perceived as failure.

# Citizen's Expectations

- Do not risk life or limb during the 'heat of the disaster.'
- Sufficient resources necessary to meet immediate needs should be available AND
- There should be a plan for the logistical effort necessary to deliver those resources and the plan should be executed as soon as possible.

# Resources Include

- Food, Water, and Shelter
- A **sanitary** environment that not only prevents the breeding and spreading of disease, but ALSO
- Allows individuals to maintain their **dignity**.
- A **secure** environment

**What does this have to do  
with accounting?**

**We pay the bills and  
ensure accountability for  
decisions made.**

What has to be done to facilitate the availability and delivery of the resources needed in an emergency?

- Laws and Regulations (Red Tape) need to be suspended so that governing authorities can ACQUIRE the resources needed ASAP.
- ACQUIRE includes the deployment of persons that have with them the equipment and supplies needed to accomplish the immediate objectives (food, water, shelter, security).

Following acquisition and deployment, it is time to pay the bills.

How can I get reimbursed  
**FAST?**

# Designate a 'Safekeeper'

- Designate someone to be the 'keeper' of the documentation of the payment for goods and services.
- Designate someone to contact FEMA to have a Project Worksheet written to facilitate the reimbursement.
- Forward **COPIES** of the documentation to FEMA or their designate.

# What did Louisiana do?

- We prepared!

On August 26, 2005 Gov. Blanco declared a state of emergency that activated the 'emergency response and recovery program' under the command of the LA Department of Military Affairs – Office of Homeland Security and Emergency Preparedness.

# What did Louisiana do?

- We acted!

On September 3, 2005 Gov. Blanco issued Executive Order KBB 05-27 addressing Emergency Procedures for Conducting State Business.

# What did Louisiana do?

- **KBB 05-27 included cutting red tape and retaining documentation:**
  - authorizes and empowers governing officials to use their best judgment in purchasing goods and services to satisfy the situation caused by the emergency
  - instructs to maintain, as much as practicable, documentation which includes vendors names and addresses, goods and services purchased, prices paid, invoices and emergency related reasons for those purchases
  - strict compliance with state purchasing laws and regulations is temporarily suspended

# What did Louisiana do?

- **KBB 05-27 included ensuring accountability** by directing the Louisiana Office of Inspector General to monitor those transactions conducted outside the scope of regulatory statutes, orders, rules and regulations to ensure those transactions are directly related to the emergency situation and are prudently handled and if any inappropriate transactions are noted, those situations “shall be reported directly to the governor.”

# Louisiana Prepared Again!

On September 20, 2005 Governor Blanco issued Executive Order KBB 05-53 declaring a state of emergency to prepare for Hurricane Rita.

# More Accountability

- KBB 05-66 added:
  - an official within an agency must determine that the failure to strictly comply with purchasing laws and regulations is necessary because of the emergency
  - a central point of contact for each agency must monitor all transactions conducted without strict compliance to the laws and regulations and maintain copies of all documentation
  - competitive quotes must be obtained whenever possible and agencies should take steps to ensure pricing is fair and equitable

# More Accountability

- KBB 05-66 added:
  - performance based contracting should be used when practical
  - statewide contracts should be used when practical
  - reinforcement of the requirement that payments to contractors should be made only after verification that all goods and services meet contract requirements

# Louisiana Acted to Limit Fiscal Damage to State Government

- On September 19, 2005 Gov. Blanco issued Executive Order KBB 05-38 imposing an Executive Branch hiring and spending freeze with limited exceptions
- On November 5, 2005 Gov. Blanco issued Executive Order 05-82 ordering expenditure budget reductions in the Executive Branch totaling \$431 million.

Governor Calls Legislature Into  
Special Session To Address The  
Aftermath of Katrina and Rita

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Twice

- On October 31, 2005 Gov. Blanco signed Proclamation 62 KBB 2005 calling and convening the Legislature into special session from Nov. 6 – 17, 2005. The Acts of the 2005 1<sup>st</sup> Extraordinary Session addressed, among other things:
  - Ethics disclosures for elected and appointed state officials
  - Tax incentives for individuals and businesses to aid in the recovery
  - Temporarily amending the due dates of certain items required by law; for example, the CAFR
- On January 30 and 31, 2006 Gov Blanco signed Proclamations 12 and 13 of 2006 calling and convening the Legislature into special session from Feb. 6 – 17, 2006. The Acts of the 2006 1<sup>st</sup> Extraordinary Session addressed, among other things:
  - Reorganization of levee districts
  - Reorganization of certain functions of state government

Louisiana Acted to Coordinate the  
Recovery and Rebuilding Effort  
and Increase the  
Efficiency and Effectiveness of  
Responding to Future Emergencies

# Addressing Fiscal Reporting Requirements

- Act 2 of the 2005 1st Extraordinary Session extended the deadline for the CAFR from December 31, 2005 to March 31, 2006.
- This legislation served as the documentation needed by the Louisiana Legislative Auditor to request the National External Audit Review Center extend the due date for the Single Audit for Fiscal Year Ended 6/30/05 from March 31, 2006 to December 31, 2006. The extension was approved. The Legislative Auditor expects to complete the Single Audit sooner than that.
- This extension served as the documentation needed for Louisiana to request the federal Financial Management Service extend the due date for the Treasury-State Agreement (TSA) for the Fiscal Year Ended June 30, 2007 from June 30, 2006 to December 31, 2006. We expect to prepare the TSA sooner than that.
- This legislation also served as documentation for the extension of the Statewide Indirect Cost Allocation Plan for FY 2007, and the negotiation of the FY 2006 Plan.

# Respond, Recover & Rebuild

- **On October 17, 2005 Gov. Blanco issued Executive Order KBB 05-63 establishing the Louisiana Recovery Authority (LRA) in the Department of Military Affairs to**
  - coordinate the efforts of state and other entities and
  - programs and funding in order to achieve an effective and efficient use of resources related to the recovery from disasters
- **Act 5 of the 2006 1<sup>st</sup> Extraordinary Session** created the LRA as a separate agency under the Governor's Office removing a layer of organizational bureaucracy by having the LRA report directly to the governor vs. reporting to a department head in a separate agency

# Respond, Recover & Rebuild

Act 35 of the 2006 1<sup>st</sup> Extraordinary Session created another new state agency, the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP). Formally under the Department of Military Affairs, the new agency reports directly to the governor, again removing a layer of organizational bureaucracy by having the LRA report directly to the governor vs. reporting to a department head in a separate agency.

# Respond, Recover & Rebuild

- The LRA has:
  - Helped secure federal funds to aid in the recovery
  - Supplied considerable leadership on the establishment of statewide building codes
  - Tied federal dollars to parish adoption of flood elevation guidelines
  - Led the rebuilding effort, working with local governments and planners to build a better future for communities throughout South Louisiana, and
  - Created ways to re-connect evacuees with Louisiana.
- For more information, please see the LRA 2006 Initial Quarterly Report published in February, 2006 @ <http://lra.louisiana.gov/>

The Office of Statewide Reporting  
and Accounting Policy  
helped ensure accountability and  
assisted entities and vendors  
during the emergency and its  
aftermath.

# OSRAP Assistance

- 9/1/05 First day back at work from Katrina. The Department of Military Affairs accounting section was displaced by the hurricane. OSRAP drew the entire \$11,134,515 Dept. of Military Affairs' General Fund appropriation for FY 06 and placed it into their Operating Account so that funds would be available to pay for emergency expenditures.
- 9/2/05 OSRAP MEMO 06-06 was issued advising agencies on the statewide accounting system (ISIS) that OSRAP will hold checks to vendors in affected areas so that payments would not be held up in the mail and will help agencies assist vendors in getting their money sooner.
- 9/7/05 OSRAP MEMO 06-07 was issued advising All State Agencies on how to record Katrina related expenditures so they could be tracked and directing them to track the decrease in revenues as a result of the hurricane.

# OSRAP Assistance

- 9/8/05 Commissioner's Memo regarding Emergency Purchasing Guidelines under KBB 2005-27 was issued giving agencies further guidance on procuring goods and services during the emergency.
- 9/27/05 Commissioner's Memo addressing who agencies should contact at OEP if they incurred expenditures for Katrina and/or Rita that were eligible for reimbursement was issued. This memo also directed agencies on how to track those reimbursements.
- 9/05 to date: OSRAP prints the monthly statewide accounting system reports for Dept. of Military Affairs.
- 9/05 to date: OSRAP assists vendors in updating their address and contact information so they will receive their payments.

# OSRAP Assistance

- 9/05 to date:
  - OSRAP assists agencies in contacting appropriate persons regarding having PWs written and when reimbursements will be made.
  - Assisted agencies with unique accounting issues caused by the disaster.
- 9/05 – 11/05 Assisted OEP in determining where to send checks to local entities so they would receive their reimbursement funds ASAP. Contacted entities, verified addresses had mail service, enrolled interested entities in EFT, verified EFT accounts entities wanted money sent to. OEP took over these duties in late 11/05.

# OSRAP Assistance

- 9/12 – 12/20/05 Checks to vendors in affected areas were held until contacted to ensure mailing addresses were good or to get new addresses. Corresponding vendor file information was updated. 1,888 checks were held until vendors were located and/or delivery of mail resumed.
- 9/12 – 12/05 When OSRAP has an opportunity to speak to a vendor we encouraged the vendor to enroll in EFT. EFT enrollment went from an average of 22 per week from May through August to 48 per week from September through December.
- 10/05 to date: OSRAP sends the Department of Military Affairs weekly reports of their transactions to date to assist them in readily identifying payments and problems with payments to vendors and government entities.

# OSRAP Assistance

- 11/05 Worked with agencies to develop and implement an accounting structure that will capture expenditure and reimbursement information by entity and PW #.
- 11/05 to date: The Division of Administration (DOA) loaned 3 employees to Joint Field Office (JFO) to assist in implementation of the accounting structure. The JFO is a hub of federal, state, and local agencies working on the relief effort. This was part of an effort by the DOA to provide temporary resources where help was needed for the disaster recovery and rebuilding effort.
- 1/06 Arranged for training from JFO on accessing and interpreting info in LouisianaPA.com . LouisianaPA.com is a web site where applicants can follow the status of the FEMA claim from the initial PW prepared by FEMA describing and estimating the cost of the various phases of the recovery through to the reimbursement of those expenditures.

# Lessons Learned

## **Problem:**

- Answers to questions and feedback on suggestions was not timely.
- Needs become critical before they were addressed.

## **Recommendation:**

- Assess the situation and define the problem that needs to be addressed
- Prepare a plan to solve the problem
- Propose the plan to the appropriate person with a due date for a decision to implement a solution
- If there is no decision, diplomatically inform the appropriate person that the plan is being implemented

# Lessons Learned

## **Problem:**

- There was no template on how to implement an accounting structure and give direction for how to code entries for transactions related to the hurricanes.

## **Recommendation:**

- Formalize a template using the accounting structure implemented and guidance given in the aftermath of the hurricanes. For example, our statewide accounting system allows the accounting structure to include fields called 'activities' and 'reporting categories.' Account codes can be assigned to these fields to link expenditures with the specific disaster, the FEMA Project Worksheet, and the reimbursement.