



STATE OF FLORIDA

DIVISION OF EMERGENCY MANAGEMENT

RICK SCOTT
Governor

BRYAN W. KOON
Director

Office of Inspector General 2016-2017 Annual Report

I am pleased to submit our Annual Report on the activities of the Office of Inspector General for the fiscal year ended June 30, 2017, as required by Section 20.055(8)(a), Florida Statutes. This report documents the activities completed by the Office of Inspector General during the fiscal year.

The Office of Inspector General is committed to professionalism and the promotion of accountability, integrity, and efficiency. We look forward to working with you and our fellow Division of Emergency Management employees in meeting the challenges and opportunities that face the Division. Thank you for your continued support.

A handwritten signature in blue ink that reads "Ronnie Atkins".

Ronnie Atkins, Deputy Inspector General

September 21, 2017

Office of Inspector General

During the 2011 legislative session, Section 14.2016, Florida Statutes, established the Division of Emergency Management (Division) within the Executive Office of the Governor. The Division is responsible for administering numerous programs related to emergency preparedness, response, recovery, and mitigation. Chapter 252, Florida Statutes, and Title 44, Code of Federal Regulations, address all aspects of emergency management for man-made and natural disasters.

The Executive Office of the Governor and the Division entered into a memorandum of agreement whereby the Chief Inspector General designated a Deputy Inspector General to serve as Inspector General for the Division. Although the Division is not an agency pursuant to Section 20.055, Florida Statutes, but rather a Division of the Executive Office of the Governor, the Division's Office of Inspector General (OIG) functionally operates and has been designated as an OIG.

There are three positions within the OIG:

- Deputy Inspector General;
- Auditor - Career Service¹; and
- Auditor - Other Personal Services.

MISSION

The mission of the OIG is to provide the Division a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in government. Section 20.055, Florida Statutes, outlines the following responsibilities of the Inspector General:

- Provide direction for, supervise, and coordinate audits, investigations, and management reviews related to the programs and operations of the Division;
- Review and evaluate internal controls to ensure fiscal accountability;
- Advise in the development of performance measures, standards, and procedures for the evaluation of Division programs;
- Assess the reliability and validity of the information provided by the Division on performance measures and standards, and make recommendations for improvement;
- Review actions taken by the Division to improve program performance;
- Conduct, supervise, or coordinate other activities carried out or financed by the Division for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;
- Keep the Division Director informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the Division,

¹ The Career Service position was shared by two part-time employees during the 2016-2017 fiscal year.

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recommend corrective action concerning fraud, abuses, and deficiencies, and report progress made in implementing corrective actions;

- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication;
- Review, as appropriate, rules relating to programs and operations of the Division;
- Ensure that an appropriate balance is maintained between audit, investigation, and other accountability activities; and
- Comply with the General Principles and Standards for Offices of Inspector General published by the Association of Inspectors General.

PROFESSIONAL AFFILIATIONS

During the past fiscal year, OIG staff members participated in a number of professional organizations to maintain proficiency in their areas of expertise and certification. Membership and participation in these professional organizations help staff members establish and advance professional networks, participate in professional community activities, and obtain continuing professional education.

The OIG is affiliated with the following professional organizations:

- Institute of Internal Auditors (IIA)
- Association of Inspectors General (AIG)
- Institute of Management Accountants (IMA)
- Association of Government Accountants (AGA)

CERTIFICATIONS

Professional certifications require significant time and effort to attain and demonstrate professional competence, proficiency, and commitment to the audit profession. OIG staff hold the following professional certifications:

- Certified Public Accountant
- Certified Internal Auditor
- Certified Management Accountant
- Certified Inspector General
- Certified Contract Manager

PROFESSIONAL TRAINING

During the past fiscal year, OIG staff members attended training sessions and workshops provided by the Institute of Internal Auditors, Association of Inspectors General, Association of Government Accountants, Institute of Management Accountants, Federal Emergency Management Agency, and state agencies. These sessions included current audit and investigation issues, ethics, fraud detection, information technology security, contract

management and monitoring, and investigative techniques. An online continuing education service provider was also used for staff training.

Accreditation

The Commission for Florida Law Enforcement Accreditation (CFA) establishes standards, manages programs, and grants accreditation to Offices of Inspectors General within the State of Florida that attain specific standards for investigations.

Being an accredited agency means that the work products of the OIG's Investigations Function meets or exceeds the highest professional standards promulgated for Offices of Inspectors General. The benefits of accreditation include improved agency transparency, enhanced quality and consistency of investigations, and establishment of policies and procedures for investigative activities.

In April of 2017, an assessment team for the CFA examined all aspects of the OIG's Investigations Function policies, procedures, management, and operations. The assessment team found the OIG to be in compliance with 39 mandatory standards. Seven standards were verified as not applicable and no standards were waived. There were no corrective actions or agency conflicts.

The OIG received accreditation through the CFA on June 21, 2017. The accreditation is valid for a period of three years.

Annual Risk Assessment and Audit Plan Development

Section 20.055, Florida Statutes, requires the Inspector General to develop annual audit plans based on the findings of periodic risk assessments.

We conduct an annual risk assessment to identify major risks, areas of concern, and possible audit topics to include in our audit plan. Our risk assessment includes interviews of senior management and surveys of managers and employees from each auditable unit within the Division. We assess the possible audit topics identified from management interviews and surveys using five risk factors: management interest, materiality, fraud potential, impact of change in system/program, and need for audit coverage. All risk factors are weighted equally and scored on a scale of 1-5 (1= very low and 5= very high). To determine which topics will be included in the audit plan, we total the scores of the risk factors for each topic and then rank the topics by total score.

Our 2017-2018 audit plan dedicates resources to two audits. The audits will examine the Division's grant management activities and record retention and maintenance processes. In addition, 200 hours of the audit resources were allocated to the Chief Inspector General enterprise projects.

Audit Engagements

Section 20.055, Florida Statutes, requires the Inspector General to conduct audits of the agency and prepare audit reports of findings. Below is a summary of the findings reported by our office this past fiscal year.

State Logistics Response Center Audit Report Number 16-A001

We conducted an audit of the State Logistics Response Center (SLRC) to determine if it is the most efficient and effective way for the Division to maintain emergency supplies and equipment needed immediately following an emergency. Our objectives were to:

- Determine Division standards for types and quantities of emergency supplies and equipment stored at the SLRC;
- Determine the annual operating cost of the SLRC; and
- Evaluate alternatives for timely delivery of emergency supplies and equipment immediately following a disaster.

The scope of the audit included the Division's processes and activities related to emergency supplies and equipment. This audit was conducted as part of the OIG's 2016-2017 annual work plan.

We identified four findings related to the Division's management of disaster supplies and equipment.

Finding 1 – Analysis to Ascertain the Requirements of the State

The Division had not performed an adequate analysis to ascertain the requirements of the State for the supplies and equipment needed in the event of an emergency as required by Section 252.35 (2)(g), Florida Statutes. The Division used a spreadsheet created in the 1980s to help predict the amount of supplies and equipment that may be needed after a storm makes landfall, but this spreadsheet was not based on current statistical analysis.

We recommended the Division conduct an analysis to ascertain the requirements of the State for supplies and equipment of all kinds needed during an emergency. We recommended the analysis be performed by trained statisticians, or other qualified professionals, and include a recommendation for the appropriate interval for repeating or updating the analysis.

Finding 2 – Ensuring Availability of Supplies and Equipment

Pursuant to Section 252.35 (2)(g), Florida Statutes, the Division is required to ascertain the requirements of the State and its political subdivisions for supplies and equipment of all kinds in the event of an emergency; and plan for and either procure the supplies and equipment or enter into agreements that will ensure their availability.

The Division used the SLRC to maintain a stockpile of supplies and equipment to ensure their availability in the immediate aftermath of a disaster. However, the Division had not developed standards for the types and quantities of supplies and equipment to be stored in the SLRC. The Division also had not determined if the SLRC is the most efficient and effective method of ensuring the availability of supplies and equipment in the event of an emergency.

We recommended that once the State's requirements for supplies and equipment are ascertained, as recommended in Finding 1, the Division:

- Develop standards for the types and quantities of supplies and equipment the Division will have available in the event of an emergency; and
- Identify and implement the most efficient and effective method for ensuring the availability of the supplies and equipment.

Finding 3 – Vendor Contracts

The Division's logistics plan relied on a stockpile of supplies and equipment stored at the SLRC, as well as certain vendor contracts, for a first push of supplies and equipment needed by the counties in the immediate aftermath of an event. After the first push, the Division planned to rely on the Federal Emergency Management Agency (FEMA) and/or vendor contracts for additional supplies and equipment. However, the Division had not properly maintained those vendor contracts and the Division's ability to respond to disasters may have been impaired. The following contract deficiencies were identified:

- There was no contract in place to ensure the supplies and equipment needed to set up Points of Distribution would be delivered within 24 hours.
- There was no transportation contract in place to ensure that supplies and equipment stored at the SLRC would be distributed within 24 hours.
- The contract for water and ice lacked specific terms and conditions to ensure delivery within 24 hours.
- The contract for shelf stable meals had not been fully implemented for vendor managed inventory in the SLRC.
- The contract to procure cots was expired.

We recommended the Bureau of Response renew, replace, or modify contracts to ensure that the Division's logistics plan can be executed in the event of a disaster. We also recommended these contracts be re-evaluated after the Division conducts an analysis to ascertain the requirements of the State for supplies and equipment of all kinds needed during an emergency, as recommended in Finding 1.

Finding 4 – Procedural Documents

The Division's Standard Operating System (SOS) procedure requires each bureau to ensure current and effective policies and procedures are in place for its area of responsibility.

We identified the following documents that had not been reviewed and formally adopted using the requirements contained in the Division's SOS procedure:

- The Unified Logistics Plan;
- Florida CEMP; and
- Annex 11.

We recommended that the Bureau of Response use the requirements found in the Division's SOS (SOP-DO-001-001) procedure to review and adopt the procedural documents.

Disaster Reservist Program Audit Report Number 17-A001

The scope of the audit included the Division's processes and activities related to the Disaster Reservist Program (Program). Our objective was to identify costs associated with the Program.

We identified the following categories of costs associated with the Program:

- Travel Costs;
- Reservist Base Salaries;
- Reservist Overtime;
- Division Employee Salaries;
- Equipment Costs; and
- Drug and Background Screenings.

The largest costs of the Program were reservist salaries and travel, which made up over 90 percent of the total cost of the Program during grey skies².

The Program's cost elements were used to develop a Disaster Event Cost Calculator, which can be used to estimate the cost of deploying Disaster Reservists.

Our report included one finding:

Finding 1 – Redundant Programs

The Program is part of the Division's efforts to mobilize emergency management forces in advance of an emergency. The Program allows for trained staff, who are available immediately after an event to serve in various functions. One of these functions includes being members of the Disaster Survivor Assistance Teams that primarily consist of FEMA Reservists. In this function, reservists act as the state's presence in the affected area.

² Grey skies is the time when the State Emergency Operations Center is active at Level 2 or Level 1.

The Community Emergency Response Team (CERT) is a program administered by Volunteer Florida in partnership with the Division. The CERT consists of trained volunteers who provide immediate assistance to victims before first responders arrive on scene. CERT volunteers are localized in each area, so there is no need for wide-ranging mobilization. CERT volunteers support the community year-round by participating in community preparedness outreach activities and distributing materials on disaster preparedness.

In both programs, the reservists and CERT volunteers perform their job functions in the affected area to assist survivors. The missions and the functions of the two programs are very similar. The Division could utilize a staff augmentation contract for job functions similar to those in the Program, such as administrative support and facility management. Merging the Program with the CERT Program combined with using a staff augmentation contract would reduce or eliminate travel costs related to the Program.

We recommended Division management review the mission of the Program and compare it to the missions of similar programs such as the CERT. We noted that a staff augmentation contract may also be an alternative to the Program. We recommended that if Division management determines that the Program is duplicative of other programs, Division Management evaluate whether to eliminate the Program or merge it into other programs.

Prior Audit Follow-up

Section 20.055, Florida Statutes, requires the identification of each significant recommendation described in previous annual reports for which corrective action has not been completed. We will continue to follow-up on these outstanding items below until all corrective actions have been completed.

Procurement Audit Follow-up Review 16-R004 for Audit Report Number 15-A001

We issued Follow-up Review 16-R004 on July 20, 2016, to report the status of corrective actions for findings cited in the Procurement Audit that was issued on December 3, 2015. All of the findings for this engagement have been closed.

Finding 1 – MyFloridaMarketPlace Procurement Method Postings

Section 215.86 F.S., states, *“Each state agency...shall establish and maintain management systems and controls that promote and encourage compliance; economic, efficient, and effective operations; reliability of records and reports; and safeguarding of assets.”* The Division uses MyFloridaMarketPlace to support the procurement process. MyFloridaMarketPlace is a source for centralized procurement activities, which helps streamline interactions between vendors and state government entities. MyFloridaMarketPlace benefits the Division by reducing paperwork, improving order processing time, lowering the cost of goods and services, and lowering overhead and processing costs. It also benefits vendors by providing an efficient way of doing business with the State.

OIG staff selected and reviewed a sample of 43 procurements in MyFloridaMarketPlace to determine if internal controls over the procurement process were complete and effective; and if procurement and contracting activities complied with applicable statutes, policies, procedures, and regulations. For three of the procurements, the procurement method was incorrectly posted in MyFloridaMarketPlace:

- A State Term Contract procurement was incorrectly listed as a Request for Proposal procurement;
- An Exempt Utilities procurement was incorrectly listed as an Informally Quoted Purchase procurement; and
- A State Term Contract procurement was incorrectly listed as a Purchase Under \$2,500 procurement.

We recommended the Bureau of Finance review its process for entering information into the MyFloridaMarketPlace to identify measures to ensure that correct information, including procurement method, is entered into MyFloridaMarketPlace.

Status of Corrective Actions – Complete

The Bureau of Finance implemented a Requisition Log into the Procurement process to ensure that correct information is posted on MyFloridaMarketPlace.

**Public Assistance Payments
Follow-up Review 17-R003 for Audit Report Number 15-A002**

We issued Follow-up Review 17-R003 on January 19, 2017, to report the status of corrective actions for findings cited in the Public Assistance Payments Audit that was issued on June 17, 2016. The audit report included 11 findings. We determined that corrective actions were complete for two findings, partially complete for three findings, and incomplete for six findings.

Finding 1 – FloridaPA.org Reconciliations

The Auditor General's Audit Report Number 2016-102 included a finding that the Division did not have procedures for reconciling FloridaPA.org to National Emergency Management Information System (NEMIS) to ensure that obligation and deobligation transaction data in FloridaPA.org was complete and accurate. The Division also did not have procedures for reconciling FloridaPA.org to Florida Accounting Information Resource (FLAIR) to ensure payment and recoupment transaction data in FloridaPA.org was complete and accurate.

We recommended the Bureau of Finance, the Bureau of Recovery, and the IT section develop written procedures for reconciliations between FloridaPA.org and NEMIS and between FloridaPA.org and FLAIR to ensure complete and accurate obligation, deobligation, payment, and recoupment transaction data is timely recorded in FloridaPA.org.

Status of Corrective Actions - Incomplete

On January 10, 2017, the Bureau of Recovery met with the Bureau of Finance and the IT Section to work on a solution to this finding.

Finding 2 – Review of Subgrantee Requests for Reimbursement (RFR)

We examined a sample of RFRs to determine if the Bureau of Recovery's review process ensured that approved work was completed and that reported costs were incurred in the performance of eligible work. Bureau of Recovery staff was unable to demonstrate that the RFRs had been reviewed prior to payment and there was no documentation to support that a review process had been conducted.

The Bureau of Recovery had not required subgrantees to use the standard FEMA forms to document expenses. Each subgrantee created its own expense forms to submit as supporting documentation for its RFRs. Bureau of Recovery staff stated that reviewing RFRs was difficult because of the differences in expense forms submitted by the subgrantees.

We recommended the Bureau of Recovery update its RFR review procedures to ensure that amounts requested for reimbursement are supported by documentation and each RFR is reviewed prior to payment. We also recommended the Bureau of Recovery require subgrantees to use the standard FEMA forms for tracking expenses.

Status of Corrective Actions – Partially Complete

The Bureau of Recovery was in the process of updating its RFR review procedures to ensure that amounts requested for reimbursement are supported by documentation and each RFR is reviewed prior to payment. The Bureau of Recovery had updated its subgrantee funding agreement template to include a requirement that subgrantees use the standard FEMA forms for tracking expenses.

Finding 3 – Timely Payment on Subgrantee RFRs

We examined the timeliness of a sample of 20 small and 13 large project payments and found that the Division was not in compliance with the requirements under Title 44 CFR Part 206.205 Payment of Claims, regarding timeliness of payments on small and large projects.

We recommended the Bureaus of Finance and Recovery develop and/or update procedures to track and monitor payments to identify preventable delays in payment processing and to ensure payments are processed in a timely manner. We also recommended the procedures incorporate the requirements from Title 2 CFR Part 200.305(3) to ensure payment on reimbursement requests from subgrantees within 30 calendar days from receipt of the requests.

Status of Corrective Actions – Incomplete

The Bureau of Recovery planned to work with the Bureau of Finance to create a payment timeline and develop new procedures for expediting the payment process. The Bureau of Recovery planned to also work with the software designer of FloridaPA.org to identify solutions to address this finding.

Finding 4 – Timely Submission of Large Project Closeouts

We examined the timeliness of a sample of 13 large project closeouts and found that the Bureau of Recovery lacked adequate procedures to ensure large project closeouts were submitted as soon as practicable after subgrantees request closeout, and that unnecessary delays sometimes existed in the Bureau of Recovery’s process for submitting large project closeouts.

We recommended the Bureau of Recovery develop and/or update procedures to ensure closeouts are submitted in a timely manner.

Status of Corrective Actions – Incomplete

The Bureau of Recovery had not yet updated its procedures to ensure large project closeouts are submitted to FEMA in a timely manner. Once the procedures have been updated, the Bureau of Recovery planned to update its funding agreement template to reflect the changes.

Finding 5 – State Match Payments to Non-Profit Organizations

The Bureaus of Recovery and Finance lacked internal controls to prevent payment of state match to non-profit subgrantees, which are not eligible to receive state match under the Public Assistance (PA) Program. Consequently, a \$504.05 state match payment under project 481 of PA grant number 4177 was made to a non-profit subgrantee.

We recommended the Bureau of Recovery recoup the payment of state match made in error to the non-profit subgrantee in the amount of \$504.05 under project number 481 of PA grant number 4177. We also recommended that the Bureaus of Recovery and Finance develop controls to prevent payment of state match under the PA Program to non-profit subgrantees.

Status of Corrective Actions – Partially Complete

The Bureaus of Recovery and Finance stopped the payment of state match made in error to the non-profit subgrantee in the amount of \$504.05 under project number 481 of PA grant number 4177 prior to payment. The Bureau of Recovery was still in the process of developing controls to prevent payment of state match under the PA Program to non-profit subgrantees.

Finding 6 – Small Project Worksheet Certifications

The Bureau of Recovery had not established adequate procedures for certifying that small projects were completed in accordance with FEMA approvals. FEMA allows the Bureau of Recovery to rely on subgrantees to self-certify, using the Project Completion and Certification Report (P4 Report), that small projects were completed; however, the Bureau of Recovery did not consistently require subgrantees to sign the report. The Bureau of Recovery does not perform site inspections on small projects and does not require subgrantees to submit supporting documentation for small project expenditures. Without requiring subgrantees to sign the P4 Report, the risk is increased that the Division may certify small projects that were not completed in accordance with FEMA approvals.

We recommended the Bureau of Recovery establish written procedures for certifying that small projects were completed in accordance with FEMA approvals.

Status of Corrective Actions – Incomplete

The Bureau of Recovery was testing alternative processes for certifying completion of small projects. One of the alternatives was an upgrade to the FloridaPA.org system which would allow subgrantees to self-certify in FloridaPA.org. The Bureau of Recovery requested a quote from the FloridaPA.org system designer for the upgrade, and planned to present the quote to Division management for consideration. The Bureau of Recovery planned to update its written procedures and subgrantee funding agreement template once it selects a process for certifying completion of small projects.

Finding 7 – FloridaPA.org Export Capabilities

The Bureau of Recovery was unable to export complete and accurate data from FloridaPA.org for waiver of state match payment transactions and offset recoupment transactions. Data for waiver of state match payment transactions did not export into Excel from FloridaPA.org. Furthermore, data for offset recoupment transactions exported into Excel from FloridaPA.org was incorrect. For offset recoupment transactions, FloridaPA.org exported the net amount of offset recoupment transactions (\$0) rather than the actual amount of the recoupments.

We recommended the Bureau of Recovery ensure FloridaPA.org is updated to include the capability to export the details of waiver of state match payment transactions and offset recoupment transactions.

Status of Corrective Actions – Partially Complete

The Bureau of Recovery ensured that FloridaPA.org was updated to include the capability to export the details of waiver of state match payment transactions. The Bureau of Recovery was still in the process of ensuring FloridaPA.org is updated to include the capability to export the details of offset recoupment transactions.

Finding 8 – Recoup/Deob Report

The Division's Bureau of Recovery tracks accounts receivable for the PA Program using its Recoup/Deob Report, which is an Excel worksheet that Bureau of Recovery staff creates on a weekly basis. Recovery's Recoup/Deob Report is created using data exported from FloridaPA.org, which is adjusted to reflect offset recoupment transactions that FloridaPA.org does not have the capability to export.

According to Recovery's 02/19/2016 Recoup/Deob Report, the current balance of accounts receivable for the PA Program was \$49,764,172.06 as of February 19, 2016. The balance of accounts receivable for the PA Program provided by Recoup/Deob Report was inaccurate because the report did not include waiver of state match transactions. FloridaPA.org lacked the capability to export data for waiver of state match payments, and the Bureau of Recovery had not established an alternative process for including waiver of state match payments into the Recoup/Deob Report. Bureau of Recovery staff was unaware that the Deob/Recoup Report did not include waiver of state match transactions.

Without an accurate recording of accounts receivable on the Recoup/Deob Report, the risk is increased that the amount of accounts receivable for the PA Program reported on the Division's financial statements may be incorrect.

We recommended the Bureau of Recovery include waiver of state match transactions on the Recoup/Deob Report to ensure that its tracking of accounts receivable for the PA Program is accurate.

Status of Corrective Actions – Complete

The Bureau of Recovery now includes waiver of state match transactions in the Recoup/Deob Report.

Finding 9 – Department of Homeland Security OIG (DHS OIG) Audit Report Monitoring

The Bureau of Recovery is the bureau within the Division responsible for monitoring DHS OIG audit reports related to the PA Program; however, the Bureau of Recovery had not maintained a process to monitor DHS OIG audit reports related to the PA Program and was not monitoring the reports. Therefore, the Bureau of Recovery did not typically target its training and education of subgrantees to address findings and other information from the DHS OIG reports to minimize future deobligations.

We recommended the Bureau of Recovery monitor the DHS OIG audit reports related to the PA Program. We also recommended the Bureau of Recovery incorporate the common findings and issues identified in the reports into its training and education of subgrantees to minimize future deobligations.

Status of Corrective Actions – Incomplete

The Bureau of Recovery staff members assigned to monitoring DHS OIG audit reports planned to meet with management to obtain guidance on accessing and tracking the reports. The Bureau of Recovery planned to also meet with the FloridaPA.org system designer and the IT section in to discuss the development of a workflow in FloridaPA.org to track DHS OIG audits.

Finding 10 – Tracking of Direct Administrative Costs (DAC)

We examined the Bureau of Recovery's tracking of DAC time during the audit period of July 1, 2014 to March 31, 2015. The Bureau of Recovery did not begin to track the DAC incurred by Division staff until December 1, 2014. Since DAC time incurred by Division staff was not tracked between July 1, 2014 and November 30, 2014, the Division is unable to request reimbursement from FEMA for the DAC incurred by Division staff between July 1, 2014 and November 30, 2014.

We recommended the Bureau of Recovery continue to track the DAC incurred by both Division staff and hired contractors to maximize the reimbursement of management costs from FEMA.

Status of Corrective Actions – Complete

Bureau of Recovery staff track DAC time using the Replicon system.

Finding 11 – Procedural Documents

During review of Bureau of Recovery and Bureau of Finance procedural documents relating to payments made under the PA Program, we identified the following documents that had not been formally adopted using the requirements contained in the Division's SOS (SOP-DO-001-001) procedure:

- Disbursement of State Funds policy;
- PA Administrative Plan CY2014;
- Public Assistance SOGs and Workflows; and
- Grants Management Unit procedures.

Furthermore, the Grants Management Unit Procedures, specifically the Subrecipient Payment Processing (PA Grants) section, contained information that did not accurately reflect the current practices used to process PA grant payments.

We recommended the Bureaus of Recovery and Finance use the requirements found in the Division's SOS (SOP-DO-001-001) procedure to review, update, and adopt the procedural documents.

Status of Corrective Actions – Incomplete

The Bureau of Recovery was focusing on recovery efforts for the T.S. Colin, Pulse Shooting, Hurricane Hermine, and Hurricane Matthew activations. The Bureau of Recovery planned to review and update its procedural documents by August 2017.

The Bureau of Finance planned to formally adopt its *Disbursement of State Funds* policy by March 31, 2017. The *Grants Management Unit Payment Procedures* guideline was incorporated into the Bureau of Finance's *Sub-Recipient Grant Payment Procedure*, which the Bureau of Finance intended to adopt by February 28, 2017.

Follow-up Review 17-R005 for Auditor General Report No. 2016-188, Contract and Grant Management and Prior Audit Follow-Up

We issued Follow-up Review 17-R005 on February 2, 2017, to report the status of corrective actions for findings cited in the Auditor General's Contract and Grant Management and Prior Audit Follow-Up Report that was issued in April 2016. The audit report included five findings. We determined that corrective actions were complete for two findings and partially complete for three findings.

Finding No. 1 – Contract Information Reporting

Pursuant to Section 215.985(14), Florida Statutes, all state agencies are required to submit contract and grant financial information into the Florida Accountability Contract Tracking System (FACTS). For all contracts executed on or after July 1, 2013, state agencies are to post the required information to FACTS within 30 calendar days of execution. The Auditor General's analysis of FACTS data for the 3,033 Division contracts entered into FACTS during the period of July 2013 through January 2015 disclosed that the Division did not

always ensure that contract information was timely entered into FACTS in accordance with state law.

The Auditor General recommended that Division management enhance procedures to ensure that contract information is timely entered into FACTS as required by state law.

Status of Corrective Actions – Complete

The Division updated the FACTS monitoring process to use existing contract logs to ensure that agreements are entered into FACTS to comply with state law. The FACTS unit sends bi-weekly emails out to the Bureaus reminding them of the agreements that need to be forwarded for entry.

Finding No. 2 – Procurement

Section 287.001, Florida Statutes, establishes that fair and open competition is a basic tenet of public procurement and that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically. State law further specifies that state agencies are to maintain detailed justification to support commodity and contractual service procurement decisions.

When procuring commodities or contractual services in excess of \$35,000, state agencies are to use the competitive solicitation processes authorized by state law. However, state law also provides certain exemptions to the competitive procurement requirements. Among these exceptions, state law permits state agencies to procure artistic services through non-competitive means.

The Auditor General examined 11 purchase requisitions and found that 3 of the purchase requisitions applied the artistic services exemption, but did not appear to satisfy the requirement for and intent of the artistic services exemption from statutory competitive procurement requirements. Two of the 11 purchase requisitions did not appear to be in accordance with the activities and projects included in FEMA-approved Emergency Management Performance Grant (EMPG) Program Work Plans. The deliverables for 2 of the 11 purchase requisitions were not well-defined as the deliverables did not include rates and duration of the service.

The Auditor General recommended that Division management take steps to ensure that commodities and contractual services are procured in accordance with state law and applicable federal requirements. In addition, the Auditor General recommended Division management ensure that decisions to noncompetitively procure commodities and contractual services are clearly documented and demonstrate compliance with state law. The Auditor General also recommended that Division management ensure that all contracts include quantifiable, measurable, and verifiable deliverables in accordance with state law.

Status of Corrective Actions – Partially Complete

The Bureau of Finance updated its Procurement Policy to incorporate criteria for exempting purchases from the competitive solicitation process, to include artistic exemption. The revised policy was being routed for review and approval by leadership and legal.

Finding No. 3 – Grant Matching Requirements

As a recipient of EMPG Program funds from the United States Department of Homeland Security (DHS), the Division was required to provide non-federal contributions matching 100 percent of the federal funding provided. In addition, the Division was to quarterly report to FEMA the matching amounts provided by the State.

The Division’s Procurement and Contract Management section was responsible for administering the EMPG grants as well as various State grants, including Emergency Management Preparedness and Assistance (EMPA) grants. According to the Division, most counties that received state EMPA funds used the funds to match federal EMPG Program funds received from the Division.

The Auditor General examined the Division’s processes for administering grant matching requirements, including applicable terms, monitoring tools, and other documentation by examining 12 grant agreements. The examination revealed that the Division’s processes needed improvements to better ensure that grant matching requirements were appropriately met. The Division did not have established policies and procedures for monitoring EMPG and EMPA grant matching requirements, the close-out form did not address grant matching requirements, and the Division could not provide documentation to show adequate monitoring that the match requirement had been met.

To demonstrate Division monitoring efforts to verify and promote grantee compliance with federal and state grant matching requirements, the Auditor General recommended that Division management enhance applicable forms to address matching requirements and establish policies and procedures for timely analyzing and appropriately monitoring grantee compliance with matching requirements.

Status of Corrective Actions – Partially Complete

The Bureau of Finance updated the form that base grant sub-recipients complete to document their maintenance of effort for the EMPA base grants which is to be submitted to the grant manager within 45 days of their local budget being approved. Until Finance receives this documentation which supports that the sub recipients are in compliance with the administrative rule, reimbursement requests for their EMPA base grant will not be processed. Finance also added a new form for EMPG base grants that the sub-recipients must complete and submit with their signed agreement documenting how they will be meeting the 100 percent match requirement. A new requirement was also added that any county that receives more EMPG than EMPA (16 counties), must document their match quarterly. All other sub-recipients must provide their match documentation for EMPG as part of their grant closeout report which is due 45 days after expiration of the agreement. The grant management policy was still in draft form but was being developed and staff also identified the need related to base grants for a checklist to be developed for quarterly reporting and grant closeouts. This should eliminate missing documentation in the files and also provide the tangible support for desktop monitoring.

Finding No. 4 – Grant Agreement Monitoring

Effective grant monitoring evaluates grantee compliance with grant agreement provisions and provides a means for early detection of potential performance problems. To

demonstrate effective grant monitoring, monitoring activities should be documented in Division records in accordance with The Department of Financial Services (DFS) *State of Florida Contract and Grant User Guide*.

The Auditor General examined Division records for monitoring activities (14 on-site visits) conducted during the period of July 2013 through February 2015 related to 25 grants agreements. Division staff were unable to locate records evidencing that the on-site monitoring visits has been conducted for 2 of the 14 on-site monitoring visits. The Auditor General recommended that Division management ensure that grant monitoring activities are appropriately documented in accordance with DFS guidance.

Status of Corrective Actions – Complete

The Bureau of Preparedness created a Sub-Recipient Monitoring Plan and Procedures Handbook to address the issuance of final monitoring reports and follow-up procedures effective in October 2016. The Bureau of Preparedness also issued a policy requiring monitoring visit documentation be maintained within the sub-recipient files.

Finding No. 5 – Tangible Personal Property Records

DFS rules provide that state agencies are responsible for correctly reporting tangible personal property. According to Division records, the Division purchased 415 tangible personal property items.

The Auditor General examined Division purchasing records for 100 tangible personal property items to determine whether Division property records has been timely and accurately updated. This examination revealed that Division procedures disclosed that purchases of tangible personal property were not always timely or accurately entered into Division property records.

The Auditor General recommended that Division management enhance tangible personal property controls to ensure that Division property records are timely updated to accurately and completely reflect Division property acquisitions in accordance with DFS rules.

Status of Corrective Actions – Partially Complete

The Bureau of Finance was in process of updating the Division's Property Management and Accountability Policies and Procedures to comply with the SOS procedure and to include timelines for inputting property information into FLAIR.

**Follow-up Review 17-R004 for Auditor General Report Number 2016-159,
Federal Awards Audit**

We issued Follow-up Review 17-R004 on February 3, 2017, to report the status of corrective actions for findings cited in the Federal Awards Audit that was issued in March 2016. The audit report included five findings. We determined that corrective actions were complete for three findings, partially complete for one finding, and incomplete for one finding.

Finding 2015-043 – IT Operational Audit Report No. 2016-102

The Florida Public Assistance System (FloridaPa.org) is a Web-based portal used to manage Disaster Grants – Florida Public Assistance programs relating to disaster relief and recovery. In the Auditor General’s information technology operational audit report No. 2016-102, dated March 2016, the Auditor General disclosed in Findings 1 through 4, 6, 8, and 9, deficiencies related to FloridaPA.org regarding security controls that the Auditor General considered collectively to be a significant deficiency. Details of the findings and recommendations are included in that report.

Status of Corrective Actions – Partially Complete

Procedures were being developed and certain processes were changed to improve data security.

Finding No. 2015-044 – HSGP Documentation and Procedures

The Division was unable to provide a complete list of subrecipients monitored and monitoring documentation was not always adequate to support the monitoring conclusions. Additionally, the Division did not always follow established policies and procedures for subrecipient monitoring and the policies and procedures needed enhancement.

The Auditor General recommended that the Division strengthen monitoring policies and procedures to address the issuance of final monitoring reports and follow-up procedures, as well as to identify the methodology used to select subrecipients for on-site monitoring or desk reviews, and the number of monitoring activities to be conducted annually. The Auditor General also recommended that the Division maintain a complete and accurate listing of all subrecipients subject to monitoring and that the conclusions made during monitoring are adequately supported. In addition, the Auditor General recommended that the Division maintain monitoring reports documenting the results of all on-site monitoring visits in Division subrecipient award files.

Status of Corrective Actions – Complete

The Bureau of Preparedness created a Sub-Recipient Monitoring Plan and Procedures Handbook to address the issuance of final monitoring reports and follow-up procedures effective in October 2016. The Bureau of Preparedness also issued a policy requiring monitoring visit documentation be maintained within the sub-recipient files.

Finding No. 2015-045 – HSGP Funds Not Obligated Within 45 Days

The Division did not adequately track federal funds awarded and did not obligate 80 percent of the 2014 Homeland Security Grant Program (HSGP) funds to local governments within 45 days after the receipt of the grant award.

The Auditor General recommended that Division management take appropriate action to ensure HSGP award funds are timely obligated. The Auditor General further recommended that the Division establish procedures to document the date subaward contracts are submitted to units of local government.

Status of Corrective Actions – Complete

The Bureau of Preparedness created a Sub-Recipient Monitoring Plan and Procedures Handbook to ensure HGSP award funds are timely obligated and document the date sub award contracts are submitted to units of local government.

Finding No. 2014-042 – Access to FloridaPA.org and Mitigation.org

The Division did not always maintain documentation to ensure that access to the FloridaPA.org and Mitigation.org applications was accessible only to authorized users.

The Auditor General recommended that the Division establish procedures addressing the preparation and maintenance of user access authorization documentation and that such procedures be properly implemented to ensure that IT applications are accessible only to authorized users and for authorized purposes.

Status of Corrective Actions – Incomplete

The Division created a draft procedure to ensure that all IT systems and applications are accessible only to authorized users and for authorized purposes. IT was in the process of having this procedure approved through the Division's SOS procedure.

Finding No. 2014-045 – Subgrantee Requests for Reimbursement

The Division did not always require adequate documentation be submitted by subgrantees to substantiate amounts requested for reimbursement. Additionally, one subgrantee was reimbursed for payments for unused leave charged directly to HSGP, contrary to federal regulations.

The Auditor General recommended that the Division ensure subgrantee requests for reimbursement are adequately supported and that amounts are paid in accordance with OMB Circular A-87.

Status of Corrective Actions – Complete

The Bureau of Preparedness created a Sub-Recipient Monitoring Plan and Procedures Handbook to ensure HGSP award funds are timely obligated and document the date sub award contracts are submitted to units of local government.

Enterprise Project

Follow-up Review of Report Number 2016-02, Enterprise Assessment of Single Audit Act Activities Report Number 2017-01

The Executive Office of the Governor, Office of the Chief Inspector General initiated this enterprise follow-up review of Report Number 2016-02, *Enterprise Assessment of Single Audit Act Activities Across Selected State Agencies*. Division OIG staff served as the lead for this engagement. The purpose of this engagement was to identify potential

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enhancements to State of Florida agencies' Single Audit processes and to develop a plan to implement those enhancements.

The specific objectives were to:

- Review the conclusions and recommendations from Report Number 2016-02, *Enterprise Assessment of Single Audit Act Activities Across Selected State Agencies*;
- Review the processes, policies, and procedures of state agencies that were not included in Report Number 2016-02;
- Identify potential enhancements to state agencies' Single Audit processes; and
- Develop a plan to implement those recommended enhancements.

To achieve these objectives, the Single Audit Assessment Team:

- Evaluated the conclusions and recommendations from Report Number 2016-02, *Enterprise Assessment of Single Audit Act Activities Across Selected State Agencies*;
- Updated survey information received from state agencies that participated in the *Enterprise Assessment of Single Audit Act Activities Across Selected State Agencies* and conducted surveys of additional state agencies;
- Identified potential enhancements to state agencies' Single Audit processes;
- Reviewed state and federal Single Audit requirements; and
- Developed guidance to implement enhancements to state agencies' Single Audit processes.

External Audits

Section 20.055, Florida Statutes, requires the Inspector General to ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies. We act as the Division's liaison on audits, reviews, and information requests conducted by external state and federal organizations such as the Florida Office of the Auditor General, DFS, the Florida Legislature's Office of Program Policy Analysis and Governmental Accountability, FEMA, and DHS. We coordinate the Division's responses to all audits, reviews, and information requests from those entities.

During the 2016-2017 fiscal year, the following reports were issued by external entities:

Florida Office of the Auditor General

- 2017-180: Compliance and Internal Controls over Financial Reporting and Federal Awards issued March 2017

Federal Emergency Management Agency

- Grant Programs Directorate, Region IV Grants Business Branch, Site Visit issued September 2016

Single Audits

Section 215.97, Florida Statutes, and Title 2 Code of Federal Regulations Part 200 require each recipient/subrecipient that expends the threshold amount of \$750,000 or more in federal or state financial assistance during its fiscal year to undergo a Single Audit.

The Division is required by Section 215.97, Florida Statutes, and Title 2 Code of Federal Regulations Part 200 to review subgrantee financial reporting packages (Single Audit reports) to the extent necessary to determine whether timely and appropriate corrective action has been taken with respect to audit findings and recommendations pertaining to financial assistance received from the Division. The OIG is the Division's organizational unit responsible for receiving and reviewing Single Audit reports.

During 2016-2017, the OIG reviewed 308 Single Audit reports.

Investigations and Inquiries

The following are case summaries for Investigations and Inquiries closed during fiscal year 2016-2017:

Case 16-I004

An inquiry was initiated after a Division employee reported evidence of conflict of interest and lack of fair competition in procurement for a nonprofit security grant. The nonprofit organization did not provide evidence that there was not a conflict of interest or that the procurement allowed for fair competition. The Division requested reimbursement of payments made to the nonprofit organization for this grant, and the grant was closed.

Case 17-I001

An inquiry was initiated after a citizen alleged that a municipality had awarded a materially unbalanced bid for debris removal. Due to lack of evidence that there was any significant fault with the procurement of this contract, and because no payment had been made by the Division related to this contract, this case was closed.

Case 17-I002

On August 15, 2016, the OIG received correspondence from the Office of the Chief Inspector General requesting the review of an anonymous complaint. The anonymous complainant expressed concerns that a Division employee was a "sexual predator" and four sexual harassment complaints had been made to the Division regarding this employee.

There was no evidence of any sexual harassment complaints or any other complaints filed against the employee in the employee's personnel file. Without additional details from the anonymous complainant, further investigative was not warranted, and this matter was closed.

Case 17-I003

On November 2, 2016, the OIG received correspondence from the Division's Bureau of Recovery, requesting the review of an anonymous complaint. According to the anonymous complaint, a private citizen committed insurance fraud and was attempting to defraud the government by claiming that pre-existing damage to their marina was caused by recent tropical storms.

The Bureau of Recovery could not identify any request for public assistance for the damage alleged in the complaint.

Case 17-I004

This complaint was referred to the Division's OIG by the Department of Environmental Protection, Office of Inspector General. The Complainant alleged that a St. Augustine Beach hotel owner directed employees to dump the water from Hurricane Matthew into the Atlantic Ocean. And that, during this process, beach vegetation and dunes were destroyed. The complainant requested that no level of government pay to reverse the damage to the dunes and vegetation allegedly caused by the hotel owner.

The Division's Bureau of Recovery could not identify any request for public assistance for the damage alleged in the complaint.

Case 17-I005

The complainant, a former Division employee, filed a complaint through the Florida Whistle-Blower website. The complainant alleged retaliation and mismanagement by Division staff.

After interviewing complainant, the OIG determined that the complainant did not qualify for Whistle-Blower protection and that the allegations did not merit an investigation.

Case 17-I006

An anonymous complainant filed a complaint through the FL Whistle-Blower website on Friday May 5, 2017. The complainant claimed to be a Division employee. Complainant was concerned about the Division's relationship with local and state law enforcement and morale within the Division.

Due to the complainant being anonymous, and the lack of any specific allegations, no investigative actions were deemed necessary. The complaint was referred to the Division's Chief of Staff.

Long Range Program Plan Performance Measure Review

Section 20.055(2), Florida Statutes, requires the Inspector General to advise in the development of performance measures, assess the performance measures for reliability and validity, and, if necessary, make recommendations for improvement prior to submission of the measures.

We conducted a review to assess the reliability and validity of the Division's performance measures. For this review, we defined:

Reliability - The extent to which the measuring procedure yields the same results on repeated trials and data is complete and sufficiently error free for the intended use.

Validity - The appropriateness of the measuring instrument in relation to the purpose for which it is used.

The OIG assessed the reliability and validity for a judgmental sample of eight of the Division's 24 performance measures. All eight performance measures reviewed were reliable and valid.

Annual Reporting Requirements

The Inspector General Act of 1994 requires an annual summarization of activities and accomplishments of each Inspector General's Office. This report is a tool to provide Division staff and other interested parties information on how the OIG accomplishes its mission and objectives.

Section 20.055, Florida Statutes, requires each Inspector General to prepare and submit an annual report, no later than September 30 of each year, summarizing the activities of the office during the immediately preceding state fiscal year. The report shall be furnished to the agency head and shall include, but need not be limited to:

- A description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities during the reporting period.
- A description of the recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses, or deficiencies identified.
- A summary of each audit and investigation completed during the reporting period.
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed.
- A description of activities relating to the development, assessment and validation of performance measures.

Conclusion

The Office of Inspector General is committed to professionalism and the promotion of accountability, integrity and efficiency. We are pleased to provide this report on the activities and accomplishments of the Division's Office of Inspector General for fiscal year 2016-2017.



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