



STATE OF FLORIDA

DIVISION OF EMERGENCY MANAGEMENT

RICK SCOTT
Governor

BRYAN W. KOON
Director

Office of Inspector General 2013-2014 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, 2014, as required by Section 20.055(7), 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, appearing to read "Ronnie Atkins".

Ronnie Atkins, Deputy Inspector General

Office of Inspector General

The Division of Emergency Management (Division) is responsible for administering numerous programs related to emergency preparedness, response, recovery and mitigation. Chapter 252, Florida Statutes, and Title 40, Parts 300, 355, 370 and 372, Code of Federal Regulations, address all aspects of emergency management for man-made and natural disasters. During the 2011 legislative session, Section 14.2016, Florida Statutes, established the Division of Emergency Management within the Executive Office of the Governor.

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, but rather a Division of the Executive Office of the Governor, the Division's Office of Inspector General functionally operates and has been designated as an Office of Inspector General.

There are three positions within the Office of Inspector General:

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

MISSION

The mission of the Office of Inspector General 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(2), 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, efficiency and integrity of the Division's programs;
- 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 state agency 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,

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.
- 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, Office of Inspector General 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 Office of Inspector General is affiliated with the following professional organizations:

- American Institute of Certified Public Accountants (AICPA)
- Institute of Internal Auditors (IIA)
- Association of Inspectors General (AIG)
- Institute of Management Accountants (IMA)

CERTIFICATIONS

Professional certifications represent significant time, effort and commitment to the audit profession, and reflect positively on the Office of Inspector General as well as the Division. Offices of Inspector General staff members have attained the following professional certifications which demonstrate their professional competence and proficiency:

- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Management Accountant (CMA)
- Certified Inspector General (CIG)

PROFESSIONAL TRAINING

During the past fiscal year, Office of Inspector General staff members attended training sessions and workshops provided by the Institute of Internal Auditors, Association of Inspectors General, Association of Government Accountants and state agencies. These

sessions included current audit and investigation issues, ethics, fraud detection, IT security, contract management and monitoring, and investigative techniques. An on-line continuing education service provider was also used for staff training.

Audit Engagements

City of Miami

Contract Number 10-DS-48-11-23-02-195

Audit Report Number 13-C004

The purpose of this audit was to evaluate the federally-funded subgrant agreement, contract number 10-DS-48-11-23-02-195, between the Division and the City of Miami (City) effective from October 1, 2011, through November 30, 2012. The audit examined the City's management of the subgrant; including documentation to support reimbursement claims, compliance with reporting requirements, and subcontractor procurement and monitoring.

Based on our examination and testing, we concluded that the City, in all material respects, complied with the terms of the agreement. However, during the course of our examination, we identified the following issues related to overtime, expenditure documentation, and ineligible expenditures that require management attention.

Finding 1 - Overtime

For 23 of 28 payments examined, the City included paid leave as hours worked in the calculation of eligible overtime hours. \$145,138.83 of the overtime billed to the Division should have been offset by paid leave and is therefore questioned costs.

We recommended the Division review time records prior to reimbursement to ensure that the City offsets paid leave before calculating eligible overtime. Also, the Division should take steps to recover the \$145,138.83 in questioned costs.

Finding 2 - Expenditure Documentation

The Division did not receive payroll and/or time and attendance records for 21 of 28 payments examined for overtime and backfill reimbursements; however, subsequent to audit fieldwork the City submitted time and attendance records for the payments examined.

We recommended the Division require the City to submit adequate supporting documentation to receive reimbursement.

Finding 3 - Ineligible Expenditures

Three payments reimbursed by the Division contained ineligible expenditures; one payment included reimbursement for more hours than the employee worked, one payment included backfill overtime for two employees when only one was scheduled to work, and one payment included ineligible consultant payments for a domestic crimes database. These payments totaling \$15,474.75 are questioned costs.

We recommended the Division review City documentation to ensure that only eligible expenditures are reimbursed. Also, the Division should recover the \$15,474.75 in questioned costs.

**Disasters, Strategies and Ideas Group, LLC
Contract Number 12-NF-00-14-00-22-501
Audit Report Number 13-C005**

The purpose of the audit was to evaluate the Disasters, Strategies and Ideas Group, LLC (DSI) compliance with the terms of contract number 12-NF-00-14-00-22-501 and examine specific concerns expressed by a Division staff member related to:

- Outsourcing 51 positions in the Orlando Joint Field Office;
- Procurement;
- Billing errors; and
- Travel.

Based on our examination and testing, we concluded that DSI, in all material respects, complied with the terms of the contract and the specific concerns expressed by a Division staff member were generally not supported. However, during the course of our examination, we identified the following issues that require management attention:

Finding 1 – Clerical Errors

Clerical errors and omissions were common on invoices submitted by DSI. Division staff has had to spend significant time reviewing and working with DSI to correct these errors.

We recommended the Bureau of Recovery, Contract Manager, work with DSI to ensure that invoices are properly reviewed before submittal to the Division to reduce clerical errors and thereby reduce Division time to process the invoices.

Finding 2 – Billing Errors

DSI billed the Division for DSI staff time on the same days that it had billed the same staff to other governmental units. DSI timesheets for the other governmental units only show hours worked, but do not include the time of day the work was performed. Without documentation to verify that work billed to other governmental units was not for the same time of day billed to the Division, we cannot determine if the bills to the Division and to other governmental units represent the same time periods.

We recommended the Division recover \$5,810 for DSI staff time billed to the Division on days that other governmental units were billed for the same staff. Also, the Division should recover \$1,875 for 15 hours of time that was identified by DSI as time billed to the Division in error.

Finding 3 – Project Worksheet Reviews

Bureau of Finance and Administration staff conduct detailed reviews of project worksheets which duplicate work that is primarily the responsibility of the Bureau of Recovery.

We recommended the detailed review of project worksheets continue to be the responsibility of the Bureau of Recovery. We also recommended discontinuing the duplication of this review by the Bureau of Finance and Administration.

Long Range Program Plan Performance Measure Review

Section 20.055, Florida Statutes, requires the Office of Inspector General to advise in the development of performance measures, standards and procedures for the evaluation of state agency programs. The Office of Inspector General is also required to assess the reliability and validity of the information provided on performance measures and standards, and make recommendations for improvement, if necessary, prior to submission of those measures and standards to the Executive Office of the Governor.

The Long Range Program Plan Performance Measures are reviewed in conjunction with the submission of the Division's annual Legislative Budget Request. During fiscal year 2013-2014, a sample of 19 of the 52 performance measures were reviewed.

For this review, we defined:

Reliability - The extent to which the measuring procedure yields the same results on repeated trials and data are 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.

Nine of the 19 performance measures reviewed were reliable and valid; however, six of the performance measures were either not reliable and/or valid, and data was not available to assess four of the performance measures.

Performance measures for the Division were not provided to the Inspector General for review prior to submission to the Executive Office of the Governor as required by Sections 20.055(2)(a), (2)(b), Florida Statutes, and the LRPP did not indicate whether the Inspector General had assessed the reliability and validity of performance measures as required by Section 216.013(1)(g), Florida Statutes.

We recommended the Division update its LRPP and performance measure processes to comply with Florida Statutes and to ensure that performance measures are provided to the Inspector General at least 30 days before September 30 to allow for completion of the required assessment of reliability and validity of the measures.

Prior Audit Findings Follow-up

Section 20.055, F.S., requires the identification of each significant recommendation described in previous annual reports on 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. The following are reports with significant recommendations for which corrective actions have not been completed.

2014-173: Compliance and Internal Controls over Financial Reporting and Federal Awards

Issued by: Office of Auditor General on March 31, 2014

Recommendation – (Previously cited in Auditor General Report 2013-161 dated 03/28/2013.) The Division should ensure that all key data elements are properly and timely reported in the Subaward Reporting System (FSRS) for subawards made from applicable grants.

Status – The Division has developed a spreadsheet for the program area to enter the applicable information for each subaward. The program is forwarding this information on a weekly basis to meet the reporting requirement. Division Federal Funding Accountability and Transparency Act (FFATA) staff continues to work with the FFATA helpdesk.

2012-142: Compliance and Internal Controls over Financial Reporting and Federal Awards

Issued by: Office of Auditor General on March 30, 2012

Recommendation – (Previously cited in Auditor General Report 2011-167 dated 03/29/2011.) The Division should continue its efforts to ensure that costs are allowable and reasonable. The Division should also recover the amount of the overpayment.

Status – Federal Emergency Management Agency (FEMA) deobligated the \$64,716.06 duplicate payment amount and the Division invoiced the applicant for the duplicate payment. The applicant has filed an appeal to FEMA related to the de-obligation.

Single Audit

Section 215.97, Florida Statutes, and Office of Management and Budget Circular A-133 require non-state entities that expend \$500,000 or more of state financial assistance in any fiscal year to have a state single audit or a project-specific audit.

Office of Inspector General 2013-2014 Annual Report

The Division is required by Section 215.97, Florida Statutes, and Office of Management and Budget Circular A-133 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 state financial assistance received from the Division. The Office of Inspector General is the Division's organizational unit responsible for receiving and reviewing Single Audit reports.

During 2013-2014, we received and processed 187 Single Audit reports.

Investigations and Inquiries

The following are case summaries for Investigations and Inquiries closed during fiscal year 2012-2013:

Case 14-I001

An accusation was made that a Division supervisor had unfairly treated a staff member. The allegation was disproved.

Case 14-I002

An anonymous accusation was made that a Division grantee's contractor had received kickbacks from its subcontractors. The case was reviewed and referred to the Department of Homeland Security.

Case 14-I003

An accusation was made that the Suwannee Valley Transit Authority and its management, had made fraudulent claims to FEMA after Tropical Storm Debbie. The allegation was disproved.

Case 14-I004

A complaint received by the Department of Elder Affairs related to a traffic incident involving an employee of the Department of Elder Affairs and a Division employee was referred to the Division. The incident occurred off-site and was not related to State of Florida business. No action was required by the Division.

Annual Reporting Requirement

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 Office of Inspector General accomplishes its mission and objectives.

Office of Inspector General 2013-2014 Annual Report

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:

1. 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.
2. 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.
3. A summary of each audit and investigation completed during the reporting period.
4. The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed.
5. 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 2014-2015.



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