



STATE OF FLORIDA

# DIVISION OF EMERGENCY MANAGEMENT

RICK SCOTT  
Governor

BRYAN W. KOON  
Director

## Office of Inspector General 2014-2015 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, 2015, as required by Section 20.055(8), 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.

  
Ronnie Atkins, Deputy Inspector General

## **Office of Inspector General**

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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, 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, 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 require significant time and effort to attain and demonstrate professional competence, proficiency, and commitment to the audit profession. Office of Inspector General staff hold the following professional certifications:

- 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**

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### **Inventory Audit Report Number 14-A002**

We conducted an audit of the Division's property to determine whether it is controlled and accounted for as required by statute and rule. The audit included tangible property as well as disaster supplies and equipment held at the State Logistics Response Center (SLRC) in Orlando.

Our audit disclosed the following issues related to the Division's tangible property:

#### **Finding 1 – Receiving Documentation**

Receiving forms were not completed for some property items and many receiving forms for property items did not contain all of the information required by the Property Management and Accountability Policy.

We recommended the Bureaus of Response and Finance ensure that receiving forms are completed for all property received and all required information for property received is recorded on the receiving form.

#### **Finding 2 – Property Issuance Process**

The accountable property form has not been consistently used to issue tangible property.

We recommended the Bureau of Response ensure that the accountable property form is consistently used to issue tangible property.

#### **Finding 3 – Master File**

The Division does not always record all property information required by Rule 69I-72, Florida Administrative Code (F.A.C.) completely and accurately into the Florida Accounting Information Resource (FLAIR) Property Subsystem for tangible property acquisitions.

We recommended the Bureau of Finance establish internal controls to ensure that property acquisitions are accurately and completely recorded into FLAIR.

#### **Finding 4 – Multiple Property Systems**

The Division is duplicating FLAIR property records in the Division's Property Accountability System (an Access database).

We recommended the Bureau of Response discontinue duplication of FLAIR property records in the Division's Property Accountability System.

**Finding 5 – Missing Tangible Property**

Division did not consistently report missing items identified during the inventory process to the custodian, conduct an investigation or file reports with the appropriate law enforcement agency.

We recommended the Bureaus of Response and Finance update the Division's Property Management and Accountability policy to comply with Rule 69I-72, F.A.C., and develop a process to ensure that items not located during the inventory are reported to the custodian and a thorough investigation is conducted.

**Finding 6 – Property Management and Accountability Policy**

Division's Property Management and Accountability policy does not reference or include the requirements of Chapter 273, Florida Statutes (F.S.), and Rule 69I-72, F.A.C., relating to recording property, surplus property, disposition of property and inventory.

We recommended the Bureaus of Response and Finance ensure the policy update reflects requirements of Chapter 273, F.S., and Rule 69I-72, F.A.C.

**Finding 7 – Inventory Process**

The inventory process extended significantly past June 30th and the inventory listing was not properly finalized with regard to missing items.

We recommended the Bureaus of Finance and Response update the Property Management and Accountability Policy to include instructions for conducting and finalizing the physical inventory.

Our audit also disclosed the following issues related to the disaster supplies and equipment held at the SLRC:

**Finding 8 – SLRC Procedures**

The Division lacks documented procedures for SLRC operations. Specifically, procedures for safety, access to the SLRC, shipping, receiving, and tracking of disaster supplies and equipment are not documented.

We recommended the Bureau of Response develop written procedures for SLRC operations, including procedures for safety, access to the SLRC, shipping, receiving, and tracking of disaster supplies and equipment.

**Finding 9 – SLRC Racking System**

During observation of the physical inventory, significant damage to the racks was observed throughout the SLRC. The damage appeared to have been caused by forklifts hitting the racks. Many of the aisles in the SLRC are not wide enough to accommodate proper forklift operation.

We recommended the Bureau of Response conduct an assessment of the SLRC to identify if any corrective actions are necessary to address the damage to the racks and the adequacy of the aisle widths.

## **Management Reviews**

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### **Governance – Standard Operating System Advisory Memorandum Number 14-A001**

We conducted a review of the Division's processes for developing, maintaining, and approving procedural documents.

Through review of procedural documents and interviews of management and staff, we determined the Division did not have:

- Documented processes for developing, updating, and approving its procedural documents;
- Descriptions for the different categories of its procedural documents;
- Designated locations to store electronic and hard copies of procedural documents; and
- A listing of all of its procedural documents.

We inventoried and reviewed all of the Division's procedural documents. The Division had 241 existing procedural documents in six categories:

- Ethics Policies;
- Strategic Plans;
- Operational Plans;
- Standard Operating Procedures;
- Job Aids; and
- Directives.

We created an electronic listing and inventory of the documents. We also developed a draft Standard Operating System for the Division. The purpose of the Standard Operating System is to establish a uniform system for developing, maintaining, and providing access to the Division's procedural documents. The Standard Operating System provides system-wide and category-specific requirements for managing the Division's procedural documents.

### **Salary Review Advisory Memorandum Number 15-S002**

We conducted a review of the Division's salaries. Our review included gathering data on OPS and full-time positions at the Division as well as comparing the Division's salaries for full-time positions to salaries of similar positions at other State of Florida agencies. We found that the Division has numerous full-time positions that may be classified incorrectly. We informed the Division's Director that the Division may benefit from Human Resources conducting a review of position classifications.

## Long Range Program Plan Performance Measure Review

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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.

Prior to our review, the Division had 48 legislatively approved performance measures. 37 of those 48 approved measures have since been deleted; leaving 11 approved measures. In the prior review of the Division's performance measures, the OIG assessed 7 of the 11 approved measures and found each measure to be both reliable and valid. During this review, the OIG assessed the other 4 approved measures and found each measure to be both reliable and valid.

In addition to the 11 approved measures, the Division has proposed 13 new measures in the 2015-2016 LRPP. The OIG assessed the 13 proposed measures and found each measure to be both reliable and valid.

## Single Audit

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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 financial assistance in any fiscal year to have a state single audit or a project-specific audit.

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 2014-2015, we received and processed 266 Single Audit reports.

## **External Audits**

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Section 20.055, F.S., 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, the Florida Department of Financial Services, OPPAGA, The Federal Emergency Management Agency, and The United States Department of Homeland Security. We coordinate the Division's responses to all audits, reviews, and information requests from those entities.

During the 2014-2015 fiscal year, the following reports were issued by external entities:

### **Florida Office of the Auditor General**

- 2015-166: Compliance and Internal Controls over Financial Reporting and Federal Awards

### **The Federal Emergency Management Agency**

- Monitoring Visit Report issued October 10, 2014

## **Annual Risk Assessment and Audit Plan Development**

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Section 20.055, F.S., requires the inspector general 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 a survey of managers 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 2015-2016 audit plan dedicates resources to provide audit coverage of the Division's SLRC, procurement activities, and payments made under the Public Assistance Grant Program. In addition, approximately 20% of the audit resources were allocated to the Chief Inspector General enterprise projects.



## **Prior Audit Follow-up**

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Section 20.055, F.S., 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.

### **UASI – City of Miami Audit Report Number 13-C004**

Of the recommendations made, two remain open.

#### **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. We also recommended that the Division take steps to recover the \$145,138.83 in questioned costs.

#### **Status – Not complete**

The Division has not recovered the \$145,138.83 of questioned costs.

#### **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 errors resulted in the following questioned costs:

• Calculation Error	\$ 44.36
• Duplicate Backfill	716.38
• Consultant	<u>14,714.01</u>
<b>Total</b>	<b><u>\$15,474.75</u></b>

We recommended the Division review subgrantee documentation to ensure that only eligible expenditures are reimbursed. We also recommended the Division recovery the \$15,474.75 in questioned costs.

#### **Status – Partially complete**

The Division recovered the \$14,714.01 of ineligible consultant payments. The Division has not recovered the \$44.36 calculation error and \$716.38 duplicate backfill.

## Investigations and Inquiries

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The following are case summaries for Investigations and Inquiries closed during fiscal year 2013-2014:

### **Case 15-I001**

A complainant expressed concern that a subgrantee did not conduct criminal background checks of volunteers and that information provided in subgrantee's applications for grant funding may not accurately represent the subgrantee's program.

We reviewed grant files for compliance with terms of the subgrants. The expenditures submitted by the grantee for reimbursement were in compliance with the subgrants' terms and scopes of work.

We recommended the Division modify the subgrant agreements to require subgrantees to conduct criminal background checks, through the Federal Bureau of Investigation, of volunteers before providing the volunteers with any identifying credentials or supplies.

We also recommended the Division conduct a site visit for the subgrantee's program to review the accuracy of the subgrant application package and determine if any corrective actions are required.

### **Case 15-I002**

A complainant expressed concerns about the procurement process and contract bidding of a DEM contract. The case was reviewed and referred to Division legal staff.

### **Case 15-I003**

This investigation was initiated based upon allegations of unsafe conditions at the Division's State Logistics Resource Center. The allegations were sustained and measures were implemented to correct the unsafe conditions.

### **Case 15-I004**

An allegation was made that a Division grantee was fraudulently diverting grant funds. The allegation was disproved.

### **Case 15-I006**

Accusations were made that a Division supervisor had acted inappropriately. The accusations were reviewed and referred to management.

**Case 15-I007**

Accusations were made that a Division supervisor had acted inappropriately. The accusations were reviewed and referred to management.

**Case 15-I008**

Accusations were made that a Division supervisor had acted inappropriately. The accusations were reviewed and referred to management.

**Case 15-I009**

A former employee accused his/her supervisor of inappropriate conduct. The inquiry was closed due to insufficient information provided.

**Case 15-I011**

A Notice of Charge of Discrimination was received from the U.S. Equal Employment Opportunity Commission regarding allegations of employment discrimination made by a former employee. These issues were reviewed and referred to Division legal staff.

## **Annual Reporting Requirement**

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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.

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**

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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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