



STATE OF FLORIDA

DIVISION OF EMERGENCY MANAGEMENT

RICK SCOTT
Governor

BRYAN W. KOON
Director

Office of Inspector General 2015-2016 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, 2016, as required by Section 20.055(7)(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 20, 2016

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 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 Service¹; 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;
- 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,

¹ The Career Service position is currently a shared position filled by two part-time employees.

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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, 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
- Certified Internal Auditor
- Certified Management Accountant
- Certified Inspector General

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.

Annual Risk Assessment and Audit Plan Development

Section 20.055, Florida Statutes, 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 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 2016-2017 audit plan dedicates resources to provide audit coverage of the Division's State Logistics Resource Center (SLRC), maintenance and retention of records, and Disaster Reservist Program. In addition, approximately 20% 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 found by our office this past fiscal year.

Procurement Audit Report Number 15-A001

We conducted an audit of the Division's procurement activities to assess the appropriateness and effectiveness of the Division's internal control framework to support procurement and contracting activities.

Our audit disclosed the following internal control issue:

Finding – MyFloridaMarketPlace Procurement Method Postings

OIG staff selected and reviewed a sample of forty-three 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;

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- 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.

Public Assistance Payments Audit Report Number 15-A002

We conducted an audit of payment activities under the Division's Public Assistance (PA) Grant Program to determine:

- Compliance with state and federal laws, rules, regulations, and guidance for payments to subgrantees;
- The effectiveness of the Division's recovery from subgrantees of deobligated funding; and
- If the Division is maximizing its reimbursement of management costs.

Our audit disclosed the following issues:

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 is 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.

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 ensures 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 Federal Emergency Management Agency (FEMA) forms to document expenses. Each subgrantee

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currently creates its own expense forms to submit as supporting documentation for its RFRs. Bureau of Recovery staff stated that reviewing RFRs is 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.

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.

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 lacks adequate procedures to ensure large project closeouts are submitted as soon as practicable after subgrantees request closeout, and that unnecessary delays may sometimes exist 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.

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 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.

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

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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.

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 does 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.

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 is \$49,764,172.06 as of February 19, 2016. The balance of accounts receivable for the PA Program provided by Recoup/Deob Report is inaccurate because the report does 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.

**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 is 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.

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.

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 Standard Operating System (SOP-DO-001-001):

- 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 does 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 Standard Operating System (SOP-DO-001-001) to review, update, and adopt the procedural documents.

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.

Inventory

Follow-up Review 16-R002 for Audit Report Number 14-A002

All of the findings for this engagement have been closed.

Finding 1 – Receiving Documentation

The Property Management and Accountability Policy states "...the Accountable Property Officer (APO) and the Property Analyst (PA) will complete the receiving form. The receiving form at a minimum must include the property item, description of the item which includes the model number, manufacturer, serial number, and location (which will include the building and room number)....the receiving form must be signed by both the APO and the PA for tangible property in Tallahassee. For tangible property in other locations, the receiving form must be signed by the APO designee and a witness..."

Receiving documentation was reviewed for a sample of 25 tangible property items. The receiving documentation for some of the property items did not include a receiving form. Many of the receiving forms for items in the sample did not contain all of the information required by the Property Management and Accountability Policy. Review of the sample identified the following deficiencies:

- 3 of the items were missing a receiving form;
- 22 of the forms were missing the room number;
- 10 forms were missing the description, model number, and manufacturer; and
- 7 forms were not signed by both the APO and the PA.

We recommended the Bureaus of Response and Finance ensure that receiving forms are completed for property received. The receiving forms should contain all information required by the Property Management and Accountability Policy and be signed by the APO and PA.

Status – Complete

The receiving form has been updated to contain all information required by the Property Management and Accountability Policy and the APO and PA are required to sign the receiving form.

Finding 2 – Property Issuance Process

The Property Management and Accountability Policy requires the Division's accountable property form to be used to record the issuance of all tangible property. The accountable property form requires all personnel receiving property to attest to their responsibility to

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maintain proper security over property in their possession, report damage, loss or theft of the property to the APO and their immediate supervisor, and to return the property to the Division upon completion of their assignment or termination.

The accountable property form had not been consistently used to issue tangible property. The most common type of equipment that was issued without completing an accountable property form was computers. Without a completed accountable property form, it may not have been possible to enforce accountability for damaged, lost, or stolen property.

We recommended the Bureau of Response ensure that the accountable property form is consistently completed.

Status – Complete

The Bureau of Response has updated the Property Management and Accountability Policy and now consistently completes the accountable property form.

Finding 3 – Master File

Rule 69I-72.002, F.A.C., states “all tangible personal property with a value or cost of \$1,000 or more and having a projected useful life of one year or more shall be recorded in the state’s financial system as property for inventory purposes.” Rule 69I-72.003, F.A.C., states “each property record shall include the following information: identification number, description of item, physical location, name and manufacturer, year and year model, serial number, and date acquired.”

The Division did not always completely and accurately record all required property information into FLAIR for tangible property acquisitions. A sample of 25 items was reviewed; many of the items reviewed were missing information:

- Serial numbers were missing for 11 of the items;
- 1 item had an incorrect serial number; and
- 1 item had an incorrect tag number.

We recommended the Bureau of Finance establish internal controls to ensure that property acquisitions are accurately and completely recorded into FLAIR in compliance with Rule 69I-72, F.A.C.

Status – Complete

The Bureau of Finance has established internal controls to ensure property acquisitions are accurately and completely recorded into FLAIR in compliance with Rule 69I-72, F.A.C. The Property Management and Accountability Policy was updated to include and document the internal controls over recording property acquisitions.

Finding 4 – Multiple Property Systems

Rule 69I-72.002, F.A.C., states, “All tangible personal property with a value or cost of \$1,000 or more and having a projected useful life of one year or more shall be recorded in the state’s financial system as property for inventory purposes.” Section 215.93(2), Florida

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Statutes, provides that agencies do not have the authority to establish or maintain additional subsystems which duplicate any of the information in Subsystems of the FLAIR.

The Division was duplicating FLAIR property records in the Division's Property Accountability System (an Access database). Duplicated property records include:

- Asset description;
- Serial number;
- Grant funding source; and
- Acquisition date.

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

Status – Complete

The Bureau of Response has discontinued duplication of FLAIR property records.

Finding 5 – Missing Tangible Property

Rule 69I-72.006, F.A.C., states, "Items not located during the inventory process shall be promptly reported to the custodian ... and the custodian shall cause a thorough investigation to be made. If the investigation determines that the item was stolen, the individual property record shall be so noted and a report filed with the appropriate law enforcement agency describing the missing item and the circumstances surrounding its disappearance."

The Division's Property Management and Accountability Policy did not address items not located during the inventory. The 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 that are not located during the inventory are reported to the custodian and a thorough investigation is conducted.

Status – Complete

The Bureaus of Response and Finance updated the Division's Property Management and Accountability Policy to comply with Rule 69I-72, F.A.C. They also developed a process to ensure items not located during the inventory are reported and an investigation is conducted.

Finding 6 – Property Management and Accountability Policy

Chapter 273, Florida Statutes, and Rule 69I-72, F.A.C. provide guidance for the inventory process and documentation. While the Division currently complies with many of these requirements, the Division's Property Management and Accountability Policy did not reference or include the items listed below:

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- Section 273.05 (2)(3)(4)(5), Florida Statutes, Surplus property.
 - (2) Each custodian shall appoint one or more review boards to examine and make recommendations on approval or disapproval of classification of property as surplus.
 - (3) Property determined to be surplus shall be certified as such by the custodian.
 - (4) Each custodian shall promulgate rules or guidelines regarding the certification of surplus property.
 - (5) Custodian shall maintain records of property that is certified as surplus with information indicating the value and condition of the property.
- Section 273.055(4), Florida Statutes, Disposition of state-owned tangible personal property.
 - (4) Each custodian shall adopt guidelines or administrative rules and regulations pursuant to Chapter 120.
- Rule 69I-72.003(3)(5), F.A.C. Recording of Property.
 - (3) Property records do not contain all the specific items contained in 69I-72.003(3).
 - (5) Depreciation shall be recorded to meet financial reporting requirements relating to the depreciation accounting.
- Rule 69I-72.005(2)(4), F.A.C. Disposition of Property.
 - (2) Required information needs to be recorded on the individual property record, such as; date of certification, reason for certification; date of review board; and reference to location of documentation.
 - (4) Methods of Disposition- Property within these rules may be lawfully disposed of as provided in Sections 273.04, 273.05, and 273.055, Florida Statutes.
- Rule 69I-72.006(2)(3)(4)(6)(7), F.A.C. Inventory of Property.
 - (2) The form used to record the physical inventory shall display the list of items.
 - (3) Any property item found during the conduct of an inventory which is not included on the inventory items forms, shall have an inventory form created for the item when located.
 - (4) The custodian's delegate shall not personally inventory items for which they are responsible.
 - (5) In some instances, it may not be cost effective to make a physical inventory of property that has been temporarily assigned to another custodian at an off-site location.
 - (6) The data on the inventory forms shall be compared with the individual property records and items not located during the inventory process shall be promptly reported to the custodian or custodian's designee.
 - (7) For items identified as unaccounted for, recording the items as disposition or otherwise removing the items from the property records shall be subject to approval of the State's Chief Financial Officer.

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

Status – Complete

The Bureaus of Response and Finance updated the Property Management and Accountability Policy to reflect the requirements of Chapter 273, Florida Statutes, and Rule 69I-72, F.A.C.

Finding 7 – Inventory Process

The Property Management and Accountability Policy states, “Division Finance shall conduct an independent annual inventory of all property in the FLAIR Property Subsystem as close to June 30 as practicable ...”

The inventory process extended significantly past June 30 and the inventory listing was not properly finalized with regard to missing items as discussed in Finding 5.

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.

Status – Complete

The Bureaus of Finance and Response updated the Property Management and Accountability Policy and included instructions for conducting and finalizing the physical inventory.

Finding 8 – SLRC Procedures

Sections 20.05(1)(a) and (e), Florida Statutes, state that it is the duty of the head of the department to plan, direct, coordinate, and execute the powers, duties, and functions vested in the department and to promulgate rules pursuant and limited to those powers, duties, and functions.

The Division lacked documented procedures for SLRC operations. Specifically, procedures for safety, access to the SLRC, shipping, receiving, and tracking of disaster supplies and equipment were 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 disaster supplies and equipment.

Status – Complete

The Bureau of Response updated Annex 11 of the Logistics Plan, SLRC Operations, to include procedures for safety, access to the SLRC, shipping, receiving, and tracking disaster supplies and equipment.

Finding 9 – SLRC Racking System

Prior to the physical inventory, Division staff became aware of and examined damage to a rack that had been struck by a forklift. Appropriate corrective actions were not taken and the rack later collapsed. This may have been prevented if a policy requiring regularly scheduled inspections and repair of significantly damaged racks had been in place.

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. The primary forklift used in the SLRC is a sit-down counter-balanced forklift that measures 11 feet 6 inches from the tip of the fork to the back of the forklift. Many of the aisles in the SLRC are not wide enough to accommodate proper operation of the forklift.

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Some aisles are as narrow as 10 feet 10 inches wide. The industry standard aisle width for this type of forklift is 12 feet.

The damaged racks were manufactured by Interlake Mecalux, Inc. The Interlake Mecalux, Inc. user manual states, "Allow adequate aisle spacing. Make certain that aisle widths are compatible with the corresponding equipment. Aisles that are too narrow could result in excessive forklift damage to the rack system and lifting equipment, which may decrease the rack's capacity to carry load." The user manual also recommends performing a regularly scheduled maintenance program. At a minimum this program should:

- Inspect for damaged or missing components;
- Ensure that all bolts and fasteners are properly tightened; and
- Take corrective actions to repair or replace damaged or missing components.

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. We also recommend the Bureau of Response implement a policy for regular inspection and maintenance of the racking system.

Status –Complete

The Bureau of Response has repaired the rack damage. The Bureau of Response has also implemented a policy for regular inspection and maintenance of the SLRC racking system and warehouse.

UASI – City of Miami

Follow-up Review 16-R002 for Audit Report Number 13-C004

All of the findings for this engagement have been closed.

Finding 1 - Overtime

The Division reimbursed the City for ineligible overtime. According to the FY 2008, HSGP Guidance, "Overtime expenses are limited to the additional costs which result from personnel working over and above 40 hours of weekly work time as a direct result of their performance of FEMA-approved activities specified in this guidance."

All payments (28) that included reimbursements for overtime expenditures were examined. For 23 of 28 payments examined, the subgrantee 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 subgrantee has offset paid leave before calculating eligible overtime and take steps to recover the \$145,138.83 in questioned costs.

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Status – Complete

At the request of Division management, FEMA reviewed the finding and reversed its prior decision to disallow the City's overtime payments made in accordance with its union contract. On October 23, 2015, FEMA issued a letter to restate its position regarding the payment of overtime, see Exhibit 1. Based on FEMA's determination to allow overtime payments in accordance with the City of Miami's union contract, the finding was cancelled.

Finding 2 - Expenditure Documentation

FEMA Grant Programs Directorate, Information Bulletin 341; reminded grantees that they must follow the source documentation requirements in Title 44 CFR Part 13.20(b)(6): "Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

The Division did not enforce the requirement contained in FEMA guidance and the subgrant agreement for the subgrantee to submit time and attendance records to support reimbursement requests and did not receive payroll and/or time and attendance records for 21 of 28 payments examined. Division review of time and attendance records is necessary to determine if the subgrantee overtime billed is eligible for reimbursement. Subsequent to audit fieldwork the City submitted time and attendance records to support reimbursements for the payments examined.

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

Status – Complete

The Division requires subgrantees to submit adequate supporting documentation to receive reimbursement.

Finding 3 - Ineligible Expenditures

The subgrantee agreement requires the subgrantee to use funding to perform eligible activities identified in the FY 2008-2009, Homeland Security Grant Program (HSGP) Guidance. Three payments reimbursed by the Division contained errors that billed ineligible expenditures:

- reimbursement for more hours than the City employee worked;
- overtime for two employees when only one worked; and
- 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>
Total	<u>\$15,474.75</u>

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

Status –Complete

On October 23, 2015, FEMA issued a letter to restate its position regarding the payment of overtime (see Exhibit 1). Based on FEMA's determination to allow overtime payments in accordance with Miami's union contract, the \$44.36 for an hour of travel that was included as overtime in accordance with the local collective bargaining agreement is allowable. The Division has recovered \$14,714.01 from Miami for ineligible consultant payments. The \$716.38 for duplicate backfill payments was repaid by Miami.

Procurement Audit

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

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 forty-three 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 has implemented a Requisition Log into the Procurement process to ensure that correct information is posted on MyFloridaMarketPlace.

Enterprise Project

**ASSESSMENT OF SINGLE AUDIT ACT ACTIVITIES ACROSS SELECTED STATE AGENCIES
REPORT NUMBER 2016-02**

Office of Inspector General staff participated in an enterprise assessment of Single Audit Act activities across selected agencies.

The Executive Office of the Governor, Office of the Chief Inspector General identified Single Audit as an enterprise project in its Audit Plan for Fiscal Year 2015-2016 and initiated an enterprise project to assess Single Audit activities. Selected state agencies were surveyed to gather information about the processes and procedures related to Single Audit activities.

Based on the results of the survey and other research conducted for this project, we identified the following areas for improvement for agencies that provide financial assistance to recipients/subrecipients:²

- Single Audit processes and procedures should be developed;
- Procedures should clearly define how the deficiencies identified by the Single Audit reviews are to be communicated to the Grant Managers for appropriate follow-up;
- Methods used to determine recipients/subrecipients that may be required to submit Single Audit Reports should be standardized among agencies that provide financial assistance to recipients/subrecipients;
- Electronic submission of Single Audit Reports should be required;
- Single Audit checklists should be standardized and contain elements required by the Florida Auditor General;
- A reporting form similar to the Federal Data Collection Form (Form SF-SAC) should be developed and required;³
- A central repository to collect Single Audit Reports from recipients/subrecipients and to maintain a public database of completed audits should be established; and
- Section 215.97(6), Florida Statutes, should be evaluated to determine if any efficiencies or other benefits would be gained by statutory changes.

² Federal recipients are non-federal entities that expend federal awards received directly from a federal awarding agency to carry out a federal program and subrecipients are non-federal entities that expend federal awards received from a pass-through entity to carry out a federal program. State of Florida recipients are non-state entities that receive state financial assistance directly from a state awarding agency and subrecipients are non-state entities that receive state financial assistance through another non-state entity.

³ The federal government requires recipients to use a Data Collection Form (Form SF-SAC) to summarize the Single Audit Report results.

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, 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 2015-2016 fiscal year, the following reports were issued by external entities:

Florida Office of the Auditor General

- 2016-159: Compliance and Internal Controls over Financial Reporting and Federal Awards issued March 2016
- 2016-188: Contract and Grant Management and Prior Audit Follow-Up issued April 2016
- 2016-102: Florida Public Assistance System (FloridaPA.org) issued March 2016

Florida Department of Financial Services

- Grant and Contract Review Report issued May 10, 2015

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 or more in federal or state financial assistance during its fiscal year to undergo a Single Audit. Currently, the federal threshold is \$750,000; the Florida threshold is \$500,000. During the 2016 Legislative Session, House Bill 651 was passed, and the Governor signed the bill into law. This increased the Florida threshold amount to \$750,000 in any fiscal year effective July 1, 2016 to match the federal requirements.

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 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 2015-2016, we received and processed 307 Single Audit reports.

Management Reviews

Pasco County CERT and Citizen Corps Advisory Memorandum Report 16-R003

On September 14, 2015, the Florida Division of Emergency Management received a complaint regarding the Pasco County Citizen Corps program and the Community Emergency Response Team (CERT) program. The complainant expressed concern that Pasco County is mishandling the Citizen Corps and CERT grants for the last two cycles and beyond and that Pasco County falsified documents to cover up the misuse of grant funds.

OIG staff examined the supporting documentation for expenditures submitted with the Pasco County payment requests. Based on our review of the subgrant agreements and supporting documentation for reimbursements, Pasco County complied with the terms of the agreements. The allegations that Pasco County is mishandling the Citizen Corps and CERT grants and that Pasco County falsified documents are not sustained.

Investigations and Inquiries

The following are case summaries for Investigations and Inquiries closed during fiscal year 2015-2016:

Case 15-I101

This investigation was initiated after two DEM employees filed complaints about a DEM supervisor. The complaints filed included two allegations that the supervisor accepted gratuities from vendors.

As a result of this investigation, a ***not sustained*** finding of accepting gratuities from vendors from a DEM vendor was determined for one of the allegations and a ***sustained*** finding of accepting gratuities from vendors from a DEM vendor was determined for the other allegation. The findings, along with supporting evidence, were referred to management to determine appropriate actions.

Case 16-I001

A complaint was received from a prisoner at Osceola County Jail regarding retaliation by the jail staff. The complaint was referred to the Department of Corrections.

Case 16-I002

An allegation was made by a vendor that the Division was not properly including it in the bid and procurement process. The allegation was disproved.

Case 16-I003

A complaint was received from a DEM employee alleging that inappropriate conduct by their supervisor. The complaint was referred to bureau management for appropriate actions.

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 24 approved performance measures and found all measures to be valid and reliable with the exception of five measures that were not reliable and one measure the Division requested to be deleted.

For the five performance measures found unreliable, the Long Range Program Plan (LRPP) Exhibit IVs (Performance Measure Validity and Reliability) were updated with data collection methodologies that will ensure the reliability of the measures.

The Division proposed replacing the 2016-2017 LRPP measure "Percentage of public assistance open large projects older than 7 years from disaster declaration date" with "Percentage of public assistance open large projects older than 7 years from the disaster declaration date, which are open at the beginning of the fiscal year and closed by the end of the year." The proposed measure was reviewed by the OIG and found to be valid and reliable.

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 Office of Inspector General accomplishes its mission and objectives.

Office of Inspector General 2015-2016 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 2015-2016.



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