

Florida Division of Emergency Management



Office of Inspector General

Annual Report
Fiscal Year 2017-2018

Susan Cureton
Deputy Inspector General





STATE OF FLORIDA

DIVISION OF EMERGENCY MANAGEMENT

RICK SCOTT
Governor

WESLEY MAUL
Director

MEMORANDUM

TO: Wes Maul, Director

FROM: *SC* Susan Cureton, Deputy Inspector General

DATE: September 26, 2018

SUBJECT: OIG Annual Report for Fiscal Year 2017-2018

In accordance with section 20.055(8)(a), Florida Statutes, I am pleased to present the Office of Inspector General's (OIG) Annual Report for fiscal year 2017-2018. This report summarizes the activities performed by the OIG based on its statutory obligations and other responsibilities assigned during the reporting year. Moreover, this report reflects the professionalism and dedication of the OIG staff members who were instrumental in these accomplishments.

For the 2018-2019 fiscal year, the OIG is committed to accomplishing its mission of assisting the Florida Division of Emergency Management (FDEM) with meeting its goals and objectives by providing timely and professional audit and investigative services.

On behalf of the OIG staff, I would like to thank you for your continued support, as well as all FDEM staff members. The collaboration and assistance provided is not only essential but also much appreciated.

We look forward to working closely with you and your leadership team as we continue our efforts to promote efficiency, accountability, and integrity within FDEM.

Attachment

cc: Eric Miller, Chief Inspector General



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Introduction



The Florida Division of Emergency Management (FDEM) was established within the Executive Office of the Governor pursuant to section 14.2016, Florida Statutes (F.S.). FDEM is responsible for planning for and responding to both natural and man-made disasters.

Pursuant to section 20.055, F.S., an Office of Inspector General (OIG) is established in each state agency to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in government.

As a division of the Executive Office of the Governor, FDEM falls under the purview of the Office of the Chief Inspector General¹. However, via Memorandum of Understanding, the Chief Inspector General (CIG) has designated a Deputy Inspector General be permanently assigned to, and serve as Inspector General for FDEM in order to execute the CIG's mandate to prevent fraud, waste, and abuse.

Each inspector general is statutorily required to prepare an annual report summarizing the activities of the office during the preceding fiscal year (section 20.055(8)(a), F.S.). This report summarizes the audit engagements, special projects, and investigations conducted by FDEM's OIG during the 2017-2018 fiscal year.

MISSION

The mission of FDEM is to work together to ensure that Florida is prepared to respond to emergencies, recover from them, and mitigate against their impacts.

It is the mission of the OIG to assist FDEM with meeting its goals and objectives by providing timely and professional audit and investigative services that promote accountability, integrity, and efficiency.

STATUTORY AUTHORITY

The specific duties and responsibilities of the OIG, per section 20.055, F.S., include the following:

- Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to the programs and operations of the agency.

¹ The Office of the Chief Inspector General is established within the Executive Office of the Governor pursuant to section 14.32, F.S. The Chief Inspector General is responsible for promoting accountability, integrity, and efficiency in the agencies under the jurisdiction of the Governor.



- Conduct, supervise, and coordinate other activities carried out or financed by the agency to promote economy and efficiency, and prevent and detect fraud and abuse in programs and operations.
- Keep the agency head informed concerning fraud, abuses, and deficiencies relating to programs and operations; recommend corrective action; and report on the progress made in implementing corrective action.
- Advise in the development of performance measures, standards, and procedures for the evaluation of agency programs.
- Assess the reliability and validity of the information provided on performance measures and standards, and make recommendations for improvement.
- Review actions taken to improve program performance and meet program standards, and make recommendations for improvement.
- Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities.
- Ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies.
- Review rules relating to the programs and operations of the agency and make recommendations regarding their impact.

ORGANIZATION

The OIG is under the direction of a Deputy Inspector General who reports directly to the CIG within the Executive Office of the Governor. OIG staff members collectively carry out audit, investigative, and accreditation responsibilities. Both audit and investigative activities are conducted in accordance with *Principles and Standards for Offices of Inspector General* (green book), published by the Association of Inspectors General.

The **audit function** provides independent, objective assurance, and consulting services designed to add value and improve FDEM's operations. Audit activities include conducting audits, management reviews, special projects, and consulting activities. Audit engagements are conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors (IIA), and where appropriate, *Generally Accepted Government Auditing Standards* (GAGAS), published by the United States Government Accountability Office.



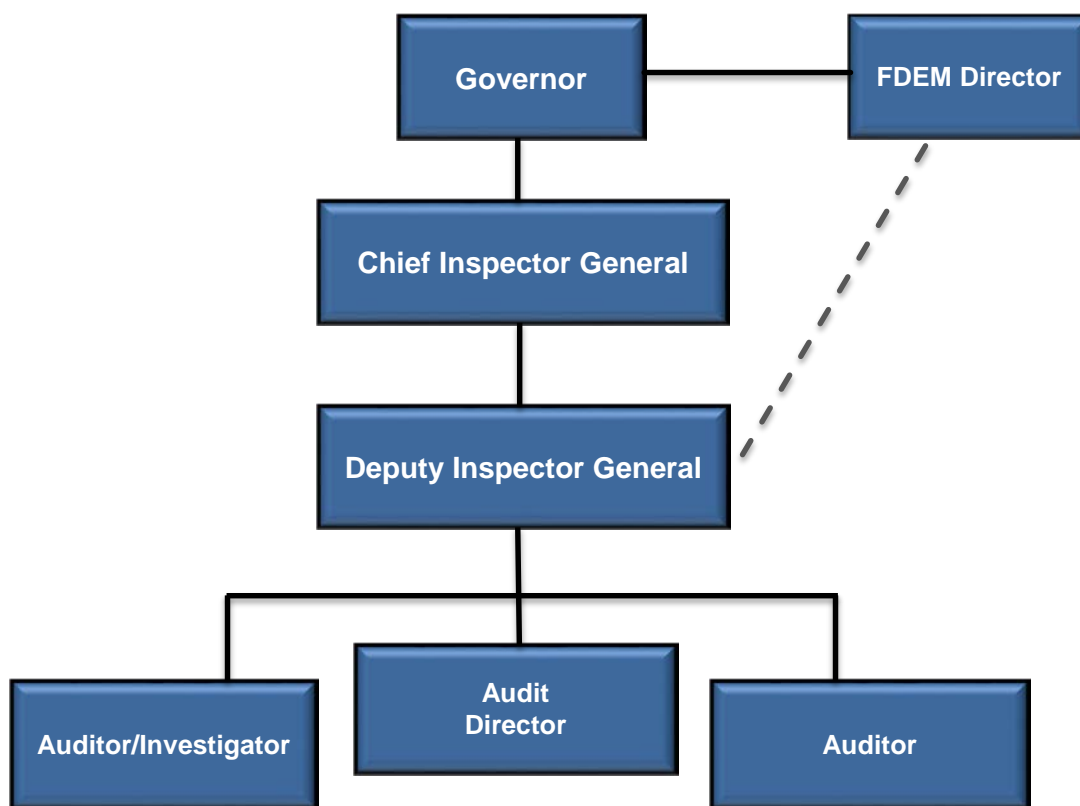
The **investigative function** receives complaints, conducts investigations, and coordinates activities required by the Florida Whistle-blower’s Act (sections 112.3187-112.31895, F.S.). In addition to green book standards, investigative work is conducted in accordance with accreditation standards set forth by the Florida Commission for Florida Law Enforcement Accreditation (CFA).

The **accreditation function** maintains investigative policies and procedures that meet CFA standards, and prepares documented proofs of compliance necessary for the next reaccreditation assessment.

As of June 30, 2018, the OIG was comprised of four positions, as follows:

- Deputy Inspector General
- Audit Director
- Auditor/Investigator
- Auditor

ORGANIZATIONAL CHART
Florida Division of Emergency Management
Office of Inspector General*



*As of June 30, 2018



Staff Qualifications

OIG staff members possess a range of backgrounds and experience in a variety of disciplines including accounting, auditing, investigations, law, program evaluation, and project management. OIG staff members continually enhance their professional skills by attending continuing education, maintaining professional certifications, and actively participating in a number of professional organizations.

PROFESSIONAL TRAINING

OIG staff members must complete the following training requirements:

- Per IIA standards, internal auditors must enhance their knowledge, skills, and other competencies through continuing professional education (CPE).
- Per GAGAS standards, auditors must complete 80 hours of CPE, every two years, that enhances the auditor's professional proficiency to perform audits.
- Per green book standards, OIG staff performing investigations, inspections, evaluations, reviews, or audits should complete at least 40 hours of CPE, every two years, that directly enhance the person's professional proficiency.
- Per CFA OIG accreditation standards, investigation members must receive a minimum of 40 hours of continuing professional education every two years, with at least 12 hours in subjects directly related to their primary responsibility.

PROFESSIONAL CERTIFICATIONS

Professional certifications require significant time and effort to attain, and demonstrate professional competence, proficiency, and commitment to the profession. During the reporting period, OIG staff members collectively maintained the following certifications:

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





PROFESSIONAL AFFILIATIONS

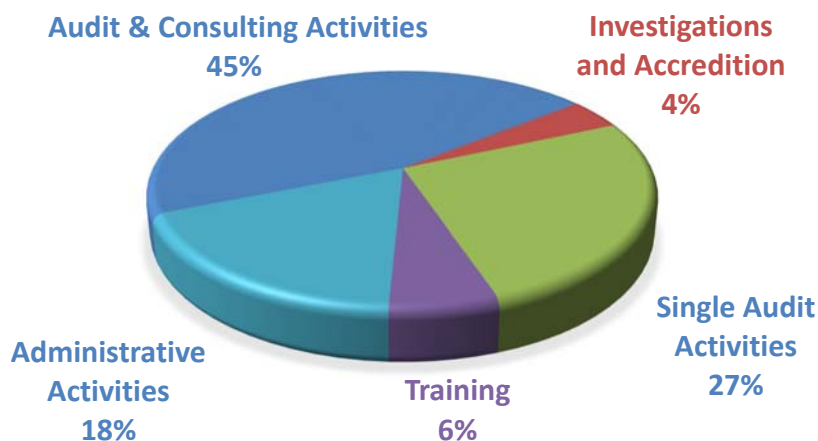
Membership and participation in professional organizations help staff members establish and advance professional networks, participate in professional community activities, and obtain continuing professional education. During the 2017-2018 fiscal year, OIG staff members collectively maintained membership or participation with the following organizations:



- Association of Inspectors General
- The Institute of Internal Auditors
- The Association of Certified Fraud Examiners
- Commission for Florida Law Enforcement Accreditation
- Institute of Management Accountants
- Association of Government Accountants

OIG RESOURCE ALLOCATION

The chart below depicts a breakdown of how the OIG resources were allocated during the 2017-2018 fiscal year*.



*Excludes Deputy Inspector General's Time, OIG Staff Leave, and Holidays

Audits



Per section 20.055(6), F.S., each inspector general shall review and evaluate internal controls necessary to ensure the fiscal accountability of the state agency. The inspector general shall conduct financial, compliance, electronic data processing, and performance audits of the agency and prepare audit reports of his or her findings. Below is a summary of the audit activities conducted by the OIG during the 2017-2018 fiscal year.

Records Retention and Management Audit

Audit Report No.17-A002, issued December 2017

The OIG conducted an audit of FDEM's records management and retention processes to evaluate efficiency, effectiveness, and compliance with applicable laws and rules. The objectives of this audit were to:

- Determine compliance with state and federal laws, rules, regulation, and guidance.
- Identify records maintained by the Division.

Based on our examination, we concluded that the Division had not fully implemented a records management program as required by 257.36(5)(b), F.S. Specifically:

- The Division was in compliance with the requirement in Section 257.36(5)(a), F.S., to designate a Records Management Liaison Officer (RMLO); however, changes were needed to better align the functions of the Division's Records Management Liaison Officer position with the functions outlined in Department of State guidance.
- The Division had not conducted an inventory of its existing records or ensured that records were disposed of when their retention requirements had been met and the records were no longer needed.
- The Division had not adopted formal, written records management policies and procedures.

We recommended:

- The Division task the RMLO with more fully implementing the Division's records management program.
- Once the Division's RMLO is tasked with more fully implementing a records management program, as recommended in Finding 1, the RMLO should ensure the Division: Conducts an inventory of its existing records; identifies existing retention schedules and/or establishes new retention schedules that can be applied to the records inventoried; and disposes of existing records that have met their retention requirements and are no longer needed.
- The RMLO ensure the Division develops and adopts formal, written records management policies and procedures.



Hazard Mitigation Grant Program Audit

Project No. 18-A001, in progress

The OIG initiated an audit of the Hazard Mitigation Grant Program (HMGP) based on the OIG 2017-2018 Annual Plan. The purpose of the HMGP is to help communities implement hazard mitigation measures that reduce the risk of loss of life and property from future disasters following a Presidential major disaster declaration. The objective of the audit is to determine FDEM's compliance with federal laws, rules, regulation, and guidance for the HMGP as it relates to state hazard mitigation plans, cost-effectiveness analyses, subrecipient monitoring, and quarterly reporting. This audit began in the 2017-2018 fiscal year, but was not completed as of June 30, 2018. The results of the audit will be included in the OIG 2018-2019 Annual Report.

Special Projects & Consulting Activities

PA Technical Assistance

Project No. 17-S002, completed September 2017

The OIG provided technical assistance to FDEM's Public Assistance (PA) grant program at the request of the former FDEM Director. The objectives of the project were to:

- Provide technical assistance to resolve findings from the OIG's PA Payments Audit (15-A002); and
- Explore other opportunities for improvement in the PA Grant Program.

OIG staff met with FDEM and contractor staff to gather information on the status and potential solutions to each open finding. We recommended detailed corrective action steps to management in Recovery and Finance, including the creation/modification of several procedural documents.

Performance Measure Review

Advisory Memorandum 17-S004, issued September 2017

Section 20.055, F.S., requires the inspector general to advise in the development of performance measures, assess the performance measures for validity and reliability, and, if necessary, make recommendations for improvement prior to submission of the measures. The OIG conducted a review to assess the validity and reliability of FDEM's performance measures. The advisory memorandum contained one finding and one recommendation for improvement. For this review, we defined:

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



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.

The OIG assessed the reliability and validity for a judgmental sample of eight of FDEM's twenty-four performance measures. Six of the eight performance measures assessed were found to be reliable and valid. Two of the eight measures were found to be unreliable. Specifically, the methodologies used for data collection for the two measures were valid and reliable, if followed; however, the methodologies were not followed during the 2016-2017 fiscal year. Therefore, the actual results for the measures were unreliable.

Finding 1: The Division lacks written procedures defining roles and responsibilities related to the annual performance measures process. Lack of written procedures could result in duplicative, incorrect, or inefficient work. Furthermore, without written procedure, institutional knowledge may be lost during turnover.

Recommendation: We recommend that the Bureau of Finance coordinate with the OIG and other Division sections to develop and adopt written procedures defining roles and responsibilities related to the performance measures process.

Office of the Chief Inspector General – Multi-agency Review

Administrative Review Regarding Concerns About the Lake City Correctional Facility
CIG Correspondence Number: # 2017-01-10-0010

The OIG participated in a multi-agency review of the pricing and award of the operation contract associated with the Lake City Correctional Facility. The review was initiated by the former CIG in response to concerns contained in written documents received from Representative David Richardson of the Florida House of Representatives. In response to the concerns, the CIG assembled a team of inspector general staff members from various state agencies to conduct a review. As of June 30, 2018, this review was still ongoing; however, the final report was issued in July 2018, and contained five observations and one recommendation. In summary, the review did not identify any general or specific employee misconduct or mismanagement.

EMPA Funding Review

Project No. 18-S007, in progress

The FDEM Director requested a review of the Emergency Management, Preparedness, and Assistance Trust Fund (EMPA) to examine possible reasons why the funds collected and deposited in the fund have generally not increased. The project began in the reporting fiscal year but was not completed as of June 30, 2018. The results of the review will be included in the OIG 2018-2019 Annual Report.



Prior Audit Follow-up

State Logistics Response Center Audit - 6-Month Status Report

Report No. 17-R007, issued August 2017

The OIG conducted a six-month follow-up review to determine the status of corrective actions for the findings from OIG report number 17-A001, *State Logistics Response Center Audit*, issued December 2016. The audit report included four findings with four recommendations. Based on the six-month follow-up review, we concluded corrective actions were complete for one finding, and incomplete for three findings. The status of corrective actions for each finding is listed below:

- Finding 1: Analysis to Ascertain the Requirements of the State - Incomplete
- Finding 2: Ensuring Availability of Supplies and Equipment - Incomplete
- Finding 3: Vendor Contracts - Complete
- Finding 4: Procedural Documents - Incomplete

Public Assistance Payments Audit – Follow-up Status Report

Advisory Memorandum Report No. 17-S002-F, issued September 2017

The OIG conducted a twelve-month follow-up review to OIG report number 15-A002, *Public Assistance Payments Audit*, issued in June 2016. The audit report included eleven findings with recommendations. A six-month follow-up review, conducted in January 2017, concluded that two findings were complete, three were partially complete, and six were incomplete. The purpose of this twelve-month follow-up review was to determine the status of the corrective actions for the remaining open findings.

Based on our review, we concluded that corrective actions were complete for five findings, partially complete for two findings, and incomplete for four of the findings. The status of corrective actions for each finding is listed below:

- Finding 1: FloridaPA.org Reconciliations - Incomplete
- Finding 2: Review of Subgrantee RFRs - Partially Complete
- Finding 3: Timely Payment on Subgrantee RFRs - Incomplete
- Finding 4: Timely Submission of Large Project Closeouts - Incomplete
- Finding 5: State Match Payments to Non-Profit Organizations - Complete
- Finding 6: Small PW Certifications - Incomplete
- Finding 7: FloridaPA.org Export Capabilities - Complete
- Finding 8: Recoup/Deob Report - Complete
- Finding 9: DHS OIG Audit Report Monitoring - Complete
- Finding 10: Tracking of DAC - Complete
- Finding 11: Procedural Documents - Partially Complete



Disaster Reservist Program Audit - 6-Month Status Report

Report No. 18-F001, issued February 2018

The OIG conducted a six-month follow-up review to determine the status of corrective actions for the findings from OIG report number 17-A001, *Disaster Reservist Program Audit*, issued December 2017. The audit report contained one finding with one recommendation. Based on the six-month follow-up review, we concluded that management had taken corrective action necessary to close the finding.

Record Retention and Management Audit - 6-Month Status Report

Project No. 18-F003, in progress

The OIG initiated a six-month follow-up review to determine the status of corrective actions for the findings from OIG report number 17-A002, *Record Retention and Management Audit*, issued December 2017. The audit report contained three findings with three recommendations. The follow-up review began during the reporting fiscal year, but was not completed as of June 30, 2018. The results of the follow-up review will be included in the OIG 2018-2019 Annual Report.

Annual Risk Assessment and Work Plan



The OIG conducted a risk assessment in order to identify FDEM's programs and activities, and evaluate the risk associated with those activities. Section 20.055(6)(i), F.S., requires the OIG to develop annual and long-term audit plans based on the findings of periodic risk assessments. Additionally, IIA standards require internal audit activities be based on a documented risk assessment, undertaken at least annually. The risk assessment was conducted via management survey, meetings, emails and discussions with appropriate management or their designees.

Based on the results of the risk assessment, the OIG developed its 2018-2019 Annual Plan (plan). The purpose of the plan is to identify, select, and plan the allocation of resources for the upcoming fiscal year. The overriding consideration during the development of the plan is to provide the greatest benefit to FDEM with the OIG's limited resources. The annual and long-term audit projects in the plan reflect areas of higher risk as well as management priorities identified through the risk assessment process. The plan was completed and approved by the Director on June 28, 2018.



Single Audit Review

Section 215.97, F.S., and Title 2 Code of Federal Regulations (CFR) Part 200 require each recipient/subrecipient that expends the threshold amount of \$750,000 or more in federal or state financial assistance during its fiscal year to undergo a single audit.

FDEM is responsible for reviewing subrecipient financial reporting packages (single audit reports) to the extent necessary to determine whether timely and appropriate corrective action has been taken with respect to audit findings and recommendations pertaining to financial assistance received from FDEM. During the 2017-2018 fiscal year, the OIG reviewed approximately 200 single audit reports.

External Projects

Pursuant to section 20.055(2)(g), F.S., the OIG is responsible for ensuring effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication. During the 2017-2018 fiscal year, the OIG coordinated or assisted with the following external activities:

Auditor General

The following audits were initiated or completed by the Auditor General during the 2017-2018 fiscal year:

- Federal Awards Audit for the Fiscal Year Ended June 30, 2017
Report No. 2018-189, issued March 2018
- Federal Awards Audit for the Fiscal Year Ended June 30, 2018
- Information Technology Operational Audit
- Operational Audit of FDEM

Federal Emergency Management Agency (FEMA)

In accordance with CFR, OMB Circulars, and program guidance, FEMA, Region IV/Grants Management Division Business Branch conducts periodic site-visits at FDEM to review grant management and administration of various FDEM grant programs. During the 2017-2018 fiscal year, the OIG participated in multiple FEMA site visits.



Accreditation



The Commission for Florida Law Enforcement Accreditation (CFA) establishes investigative standards, oversees an accreditation program, and awards accreditation to Offices of Inspectors General within the State of Florida that attain specific standards for investigations.

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

The OIG's investigative function was awarded its initial accredited status in 2017. The accreditation status is valid for three years, with annual reports due January 31st of each year. The OIG accreditation function maintains investigative policies and procedures that meet CFA standards, and prepares documented proofs of compliance necessary for the next reaccreditation assessment.

Investigations & Complaints

Per section 20.055(7), F.S., each inspector general shall initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses. The investigative function receives complaints, conducts investigations, and coordinates activities required by the Florida Whistle-blower's Act. Investigative work is conducted in accordance with the *Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General, as well as the accreditation standards set forth by the CFA.



Complaints and inquiries regarding FDEM activities may be received in-person or via telephone, postal mail, or email. Complaints are also received by referral from the CIG's office. All complaints/inquiries received during the reporting year were reviewed and addressed, or forwarded to the appropriate authority.

The following case summaries provide an overview of investigations and inquiries closed during the 2017-2018 fiscal year:



Case 18-I001

A complaint from a private citizen was forwarded to the OIG from the CIG's office. The complainant expressed concerns over a news article that discussed FEMA debris removal grants to include home-owner associations and private lands. Based on our review, no investigative actions were deemed necessary. The complaint was referred to FDEM's Bureau of Recovery.

Case 18-I002

The OIG received a written complaint from an inmate at the Florida State Prison alleging inadequate medical treatment. The complaint was referred to the Department of Corrections OIG.

Case 18-I003

A complaint from a private citizen was forwarded to the OIG from the CIG's office. The complainant expressed concerns regarding monthly payments to the City of Hollywood for trash and bulk pickup. The complaint was referred to the Broward County OIG.

Case 18-I004

The OIG received a verbal complaint from a FDEM employee. The employee did not allege any violation of policy or procedure, and no investigation was deemed necessary.

Case 18-I005

The OIG received a written complaint from a private citizen. The complainant alleged that his homeowner association inappropriately placed a lien on his home that resulted in foreclosure. The OIG referred the complaint to the Department of Business and Professional Regulation (DBPR).

Case 18-I006

An investigation was initiated after the OIG received a complaint from a private citizen via telephone. The complainant alleged that an individual had filed one or more fraudulent claims with FEMA regarding property owned by the complainant. The OIG met with staff from the Bureau of Recovery and held discussions with FEMA personnel. After reviewing all the information, we determined that the allegations were not related to FDEM funding. Based on the recommendation from FEMA personnel, the complaint was referred to the United States Department of Justice, National Center for Disaster Fraud which accepts complaints for disaster-related fraud.



Case 18-I007

An investigation was initiated after the OIG received an anonymous complaint forwarded from the CIG's office. The complainant expressed concerns that a contractor had provided advice to disaster recovery officials in Florida for the procurement of a contract, and that the state allowed the contractor to also bid on the contract. Our review did not identify any contracts between FDEM and the contractor, nor any payments made to the contractor. Based on the results of our review, no further investigation was deemed necessary.

Case 18-I008

The OIG received a complaint from a private citizen via telephone. The complainant alleged that the City of Margate incorrectly mapped his condominium within the city's flood zone. Complainant requested an administrative review be conducted to determine whether his condominium was correctly mapped. Our review determined that the complaint did not fall within the purview of FDEM. The complaint was referred to DBPR which accepts complaints related to condominium disputes.



Florida Division of Emergency Management
Office of Inspector General
2555 Shumard Oak Boulevard
Tallahassee, FL 32399

Contact: 850-815-4000
complaint@em.myflorida.com

<https://www.floridadisaster.org/dem/directors-office/inspector-general/>

Susan Cureton
Deputy Inspector General

Wesley Maul
Director