



STATE OF FLORIDA

DIVISION OF EMERGENCY MANAGEMENT

Ron DeSantis
Governor

Jared Moskowitz
Director

September 21, 2020

Jared Moskowitz, Director
Florida Division of Emergency Management
2555 Shumard Oak Boulevard
Tallahassee, FL 32399-2100

Melinda Miguel, Chief Inspector General
Executive Office of the Governor
1902 The Capitol
Tallahassee, FL 32399-0001

Subject: OIG Annual Report for 2019-2020 Fiscal Year

Dear Director Moskowitz and Chief Inspector General Miguel:

I am pleased to present our Annual Report for Fiscal Year 2019-2020. This report was prepared pursuant to § 20.055, Florida Statutes, and summarizes the activities and accomplishments of the Office of Inspector General during the reporting year.

On behalf of the Office of Inspector General, I would like to thank you for your continued support, as well as the collaboration and assistance provided by all Division staff members. Myself and my team are committed to continuing efforts that promote accountability, integrity, and efficiency within the Division's programs and operations.

Sincerely,

A handwritten signature in blue ink that reads "Susan Cureton".

Susan Cureton
Inspector General

Florida Division of Emergency Management

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Office of Inspector General

Annual Report
For Fiscal Year 2019-2020





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INTRODUCTION

The Florida Division of Emergency Management (FDEM) was established within the Executive Office of the Governor pursuant to § 14.2016, Florida Statutes (F.S.). FDEM is responsible for planning for, and responding to, both natural and man-made disasters. FDEM's mission is to ensure that Florida is prepared to respond to emergencies, recover from them, and mitigate against their impacts.

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 (§ 20.055, F.S.). Each inspector general is required to prepare an annual report summarizing the activities of the office during the preceding fiscal year (§ 20.055(8)(a), F.S.). This report was prepared in response to that requirement and summarizes the audit engagements, special projects, investigations, and other accountability activities conducted by the FDEM's OIG during the 2019-2020 fiscal year (reporting period).

OIG MISSION

The **mission** of the FDEM OIG is: *“To promote integrity and efficiency through independent and objective assessments of FDEM’s programs and operations.”*

STATUTORY AUTHORITY

The specific duties and responsibilities of the OIG, pursuant to § 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.
- 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.
- 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 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 with a view towards avoiding duplication.

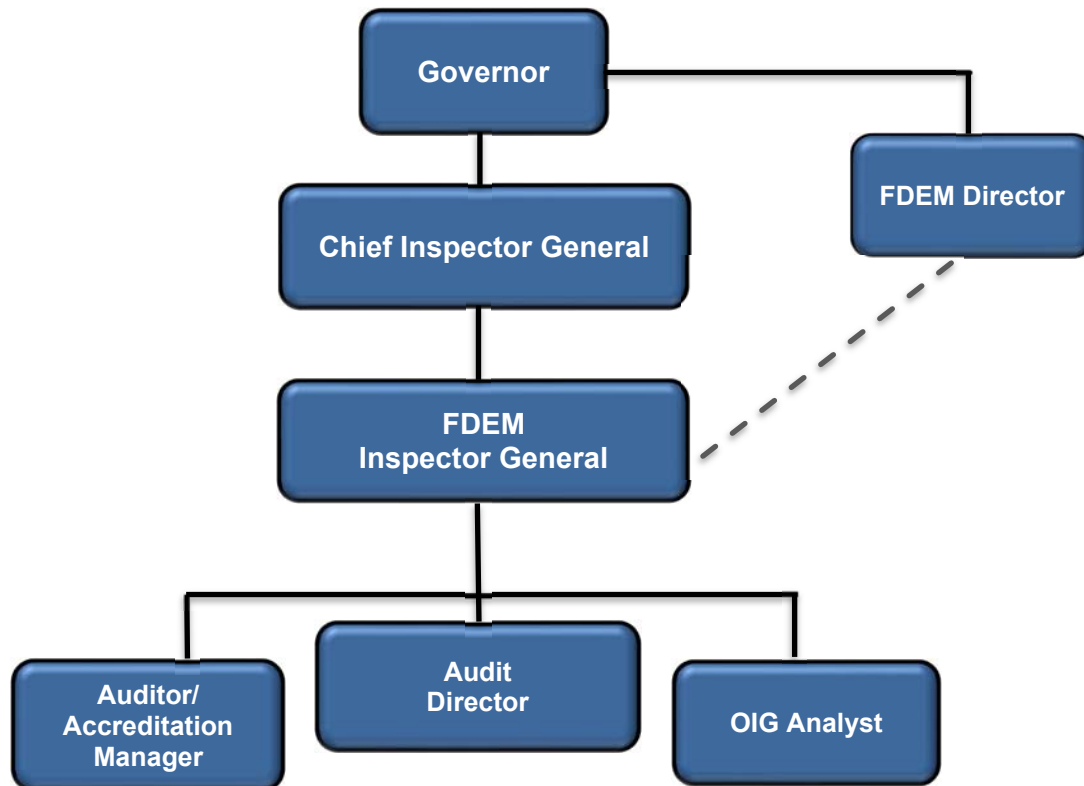


ORGANIZATION

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 a 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. FDEM’s OIG is under the direction of the Inspector General who reports directly to the CIG within the Executive Office of the Governor.

As of June 30, 2020, the OIG was comprised of four positions: Inspector General, Audit Director, Auditor/Accreditation Manager, and OIG Analyst.

ORGANIZATIONAL CHART



¹ The Office of the Chief Inspector General is established within the Executive Office of the Governor pursuant to § 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.



PROFESSIONAL STANDARDS

OIG staff members collectively carry out all activities of the OIG, including audit and investigative 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** of the OIG provides independent and objective assurance and consulting services designed to add value, improve FDEM's operations, and assist the Division with achieving its mission. Audit responsibilities include conducting internal audits, management reviews, and special projects. Internal audit engagements are conducted using the *International Standards for the Professional Practice of Internal Auditing (Red Book)*, published by the Institute of Internal Auditors, and where appropriate, *Generally Accepted Government Auditing Standards (Yellow Book)*, published by the United States Government Accountability Office.

The **Investigative Function** of the OIG receives complaints, conducts investigations, and coordinates activities required by the Florida Whistle-blower's Act (§§ 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 investigative function maintains investigative policies and procedures that meet CFA standards, and prepares documented proofs of compliance necessary to maintain the OIG's accredited status.

INDEPENDENCE AND OBJECTIVITY

In accordance with professional auditing and investigative standards, the Inspector General and OIG staff members must be free from personal or external impairments to independence and should constantly maintain an independent attitude and appearance. The activities of the OIG shall be independent from FDEM's operations and the OIG staff members shall be objective in performing their work. OIG staff members shall refrain from participating in any operational activities of the agency that it may be expected to review, appraise, or investigate. Additionally, OIG staff members shall not engage in activities that could otherwise be construed to compromise the independence or objectivity of the OIG.

Pursuant to statute, the Inspector General reports directly to the Chief Inspector General and administratively to the FDEM Director, and is not subject to supervision by any FDEM employee. This ensures that audits, investigations, and other activities conducted by the OIG remain free from interference in the determination of the scope of activities, performance of work, and results reported.



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. During the reporting year, OIG staff members enhanced their professional skills by attending continuing professional education (CPE), maintaining professional certifications/licenses, and actively participating in several professional organizations.

PROFESSIONAL TRAINING

Professional auditing and investigative standards require OIG staff members to complete the following training requirements:

- Red Book standards: Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.
- Yellow Book standards: Auditors must complete 80 hours of CPE every two years.
- Green Book standards: OIG staff performing investigations, inspections, evaluations, reviews, or audits should complete at least 40 hours of CPE, every two years; and
- CFA OIG Accreditation standards: Investigative staff members must receive a minimum of 40 hours of continuing education every two years.

In order to meet the requirements listed above, OIG staff members attended training, conferences, and webinars sponsored by various organizations, including: the Association of Inspectors General, the Association of Certified Fraud Examiners, the Institute of Internal Auditors, the Association of Governmental Accountants, and the SANS Institute.

PROFESSIONAL CERTIFICATIONS AND LICENSES

During the reporting period, OIG staff members collectively maintained the following certifications/licenses:

- Certified Inspector General
- Certified Fraud Examiner
- Certified Internal Auditor
- Licensed Florida Attorney
- Florida Notary Public

PROFESSIONAL AFFILIATIONS

During the reporting period, OIG staff members collectively maintained membership or participation with the following organizations:

- Association of Inspectors General (National and Tallahassee Chapter)
- The Institute of Internal Auditors (National and Tallahassee Chapter)
- The Association of Certified Fraud Examiners
- Commission for Florida Law Enforcement Accreditation
- Association of Government Accountants
- The Florida Bar



AUDIT ACTIVITIES

Per § 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.

AUDIT ENGAGEMENTS

Below is a summary of the audit engagements conducted by the OIG during the reporting period:

➤ **Building Access Cards Audit**

Report No. 19-A002 – Confidential Report issued June 2020

The audit report was issued in June 2020; however, the report is confidential and exempt from public disclosure. Pursuant to §§ 119.071 and 281.301, F.S., records and other information relating to the security systems for property owned by or leased to the state is confidential.

➤ **Governance Audit**

Project No. 20-A001 – In progress

The OIG initiated an audit of governance within FDEM. The audit will focus on the effectiveness and implementation of FDEM's Standard Operating System (SOS), including a review and inventory of FDEM's policies and procedures. Specific objectives for the audit will be determined after completion of preliminary research.

SPECIAL PROJECTS AND REVIEWS

Below is a summary of the special projects, activities, and reviews the OIG conducted during the reporting period:

➤ **2018-2019 Performance Measure Review**

Project No. 20-S001 – Advisory Memorandum issued February 2020

Pursuant to § 20.055(2)(b), F.S., the OIG conducted a review of FDEM's performance measure results for the 2018-2019 fiscal year. The objective of our review was to assess the validity and reliability of the reported measures, and make recommendations for improvement, if necessary. The scope of our review included a sample of 5 of FDEM's 24 performance measures.

Based on our review, we determined that FDEM had not adopted written procedures related to the performance measure process. Due to the lack of documented procedures or approved methodologies, we were unable to determine whether the performance measure results within the scope of our review were valid or reliable. The advisory memorandum contained the following recommendation:



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Recommendation: We recommend FDEM establish written procedures regarding the performance measure process. The procedures should define roles and responsibilities for the performance measure process, as well as approved methodologies for calculating each of FDEM's performance measure results.

A similar recommendation was made to the former FDEM Director in 2019, as well as in OIG Advisory Memorandum No. 17-S004, issued September 29, 2017.

➤ **OIG Annual Report for Fiscal Year 2018-2019**
Report issued September 2019

In accordance with § 20.055(8)(a), F.S., the OIG completed the OIG Annual Report for the 2018-2019 fiscal year. The report summarized the activities performed by the OIG based on its statutory obligations and other responsibilities assigned during the reporting year. Pursuant to statute, the final report was provided to the FDEM Director and the CIG.

EXTERNAL COORDINATION

Pursuant to § 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 reporting year, the OIG assisted with coordination of the following audits conducted by the Florida Auditor General:

- *Operational Audit, Public Assistance Program and Prior Audit Follow-up*
Report No. 2020-016, issued August 2019
- *State of Florida Financial and Federal Single Audit for FY Ended June 30, 2019*
Report No. 2020-170, issued March 2020
- *State of Florida Financial and Federal Single Audit for FY Ended June 30, 2020*
In progress as of June 30, 2020

Additionally, OIG staff assisted with coordination of reviews, audits, and monitoring visits with the following other external entities:

- United States Department of Homeland Security, Office of Inspector General
- United States Department of Agriculture, Office of Inspector General
- Federal Emergency Management Agency
- Florida Division of State Technology



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RISK ASSESSMENT AND ANNUAL WORK PLAN

Florida Statutes and professional auditing standards², require the Inspector General to develop long-term and annual audit plans based on the findings of periodic risk assessments. During the reporting period, the OIG conducted its annual risk assessment and prepared the OIG's *Annual Work Plan and Long-Term Audit Plan for Fiscal Year 2020-2021* (plan). The plan shows the allocation of resources assigned to audits, investigative activities, and other OIG responsibilities planned for the upcoming fiscal year.

The annual and long-term audit projects included in the plan reflect areas of higher risk as well as management priorities identified through the annual OIG risk assessment process. Our risk assessment methodology included:

- Reviewing prior risk assessments, FDEM program objectives, financial information, applicable laws, internal and external audit reports, as well as other available program data;
- Surveying and interviewing FDEM management to obtain their input into operations and associated risks in their areas of responsibility and in the Division as a whole; and
- Ranking potential audit topics based on relative risk factors, including; fraud potential, materiality, management interest, impact of change, and the need for audit coverage.

Per statutory requirements, the plan was approved by the FDEM Director's designee in July 2020. The plan is intended to be a guide to direct the activities of the OIG during the plan year, and may be modified during the year to address changing conditions, priorities, or risks. Pursuant to statute, a copy of the approved plan was provided to CIG and to the Auditor General.

² § 20.055(6)(i), F.S. and Red Book Standard 2010 (Planning) and Standard 2020 (Communication and Approval).



PRIOR AUDIT FOLLOW-UP

Pursuant to statutory requirements and professional auditing standards³, the OIG conducted the following follow-up reviews to determine the status of corrective actions taken by management in response to internal and external audit reports:

INTERNAL AUDIT FOLLOW-UP

- **12-Month Status Report to OIG Report No. 18-A001, HMGP Audit**
Project No. 20-F002 – Report issued April 2020

The OIG conducted a twelve-month follow-up to determine the status of corrective actions taken by management in response to OIG Report Number 18-A001, *Hazard Mitigation Grant Program Audit*, issued in February 2019. The final audit report contained two findings with two recommendations. Based on our follow-up review, we determined that although management had taken steps towards corrective actions, both findings remained open.

- **Six-Month Status Report to OIG Report No. 18-A001, HMGP Audit**
Project No. 20-F001 – Report issued October 2019

The OIG conducted a six-month follow-up to determine the status of corrective actions taken by management in response to OIG Report Number 18-A001, *Hazard Mitigation Grant Program Audit*, issued in February 2019. The final audit report contained two findings with two recommendations. Based on our follow-up review, we determined that both findings remained open.

EXTERNAL AUDIT FOLLOW-UP

- **Six-Month Status Report to Auditor General Report 2020-016**
Project No. 20-E002 – Report issued February 2020

The OIG conducted a six-month follow-up regarding the status of corrective actions for findings included in the Auditor General's report number 2020-016, *Operational Audit – Public Assistance Program and Prior Audit Follow-Up*, issued in August 2019. The final report contained four findings and four recommendations related to FDEM. Our six-month report contains management's updated response and actions taken towards implementing the recommendations.

- **Six-Month Status Report to Auditor General Report 2019-186**
Project No. 20-E001 – Report issued September 2019

The OIG conducted a six-month follow-up to the Auditor General's report number 2019-186, *State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2018*, issued in March 2019. The final report contained four findings and three recommendations related to FDEM. Our six-month status report contains management's updated response and actions taken towards implementing the recommendations.

³ §§ 20.055(2)(c) and 20.055(6)(h), F.S. and Red Book Standard 2500 (Monitoring Progress)



OTHER ACCOUNTABILITY ACTIVITIES

Below is a summary of other accountability activities the OIG conducted or participated in during the reporting period:

➤ **International Fraud Awareness Week - November 2019**

During International Fraud Awareness Week (November 17-23, 2019), the OIG prepared daily fact sheets that were emailed to all FDEM staff members. The goal of this campaign was to: (1) help FDEM staff better understand the concept of fraud and (2) provide staff with useful information and tips about how to prevent, detect, and report fraud in the workplace. The daily facts sheets covered all areas of fraud; such as, *What* is fraud, *Who* commits fraud, *Why* people commit fraud, how to *Spot* fraud (red flags), and how to *Report* fraud.

➤ **Disaster Recovery Funds Summit - November 2019**

The Office of the Chief Inspector General hosted an all-day training program covering best practices in the use and accountability of disaster recovery funds, including what the state could do to avoid audit findings and deobligation of funds. The summit included several panel discussions comprised of private and public entities. The FDEM Inspector General participated in this event as a speaker on one of the panels.

➤ **OIG Internal Audit, Investigation, and Office Brochures - Completed**

In order to provide awareness and transparency regarding the activities and processes of the OIG, the OIG designed three brochures: one for the Internal Audit function, one for the Investigation function, and one for the OIG office overall. These brochures are available on the OIG's website and also distributed as appropriate.

➤ **OIG Internal Audit Charter & Procedures - Completed**

The objective of this project was to prepare and update the OIG's Internal Audit Charter and Internal Audit Manual in accordance with protocols established by the Chief Inspector General and professional auditing standards. The OIG Internal Audit Charter was approved by the FDEM Director in February 2020. Additionally, the OIG Internal Audit Manual was approved by the Inspector General in May 2020.

➤ **Single Audit Reviews - Ongoing**

Pursuant to § 215.97, F.S., and Title 2 Code of Federal Regulations (CFR) Part 200, subrecipients that expend the \$750,000 or more in federal or state financial assistance during its fiscal year is required to undergo a single audit. The OIG reviews single audit reports submitted by FDEM's subrecipients to identify audit findings pertaining to financial assistance awarded by FDEM. The OIG notifies FDEM management about such findings so that appropriate action may be taken in accordance with state and federal single audit requirements. During the reporting period, the OIG reviewed 144 single audit reports.



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➤ **Coronavirus Aid, Relief, and Economic Security (CARES) Act - Ongoing**

The CARES Act was passed by the U.S. Congress in March 2020, and includes \$150 billion in relief funds for states to address the impacts of the coronavirus pandemic. These funds may be used to cover the costs that the state incurred, and extra spending needed due to the health crisis. The State of Florida, through FDEM, plans to disperse up to \$1.275 billion in CARES Act funds to Florida counties using a phased approach. The OIG conducts oversight activities related to CARES Act funds, and participates in a workgroup formed by the Office of the Chief Inspector General. The goals of the workgroup are to ensure an understanding of the federal spending requirements and consistency in application of the requirements.

➤ **National Association of State Auditors, Comptrollers, and Treasurers (NASACT) - Ongoing**

The NASACT is a national organization designed to bring together state auditors, comptrollers, and treasurers to cooperatively address government financial management issues. The OIG participates in monthly meetings of the NASACT's Disaster Recovery Workgroup. The goal of the workgroup is to share information and discuss best practices, challenges, and trends related to disaster funding and resources. During the 2019-2020 fiscal year, the focus of the monthly meetings was changed to specifically address accountability of funds related to the COVID-19 pandemic.



INVESTIGATIVE ACTIVITIES

Per § 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. For these purposes, the OIG shall:

- Receive complaints and coordinate all activities of the agency as required by the Whistle-blower's Act pursuant to §§ 112.3187-112.31895, F.S.
- Receive, conduct, supervise, and coordinate inquiries, investigations, or reviews which do not meet the criteria for an investigation under the Whistle-blower's Act.
- Report information to the Florida Department of Law Enforcement or other law enforcement agency, as appropriate, whenever the OIG has reasonable grounds to believe there has been a violation of criminal law.
- Conduct investigations and other inquiries free of actual or perceived impairment to the independence of the inspector general or the inspector general's office. This shall include freedom from any interference with investigations and timely access to records and other sources of information.

INVESTIGATIONS AND COMPLAINTS

The OIG may receive complaints or inquiries via telephone, email, letter, in person, referral from an external entity, or any other form of communication. Each communication received by the OIG is reviewed for determination of proper handling, categorization, and disposition; including a review of each complaint to determine if the provisions of the Whistle-blower's Act may apply.

During the reporting period, the OIG's **investigations function** evaluated 33 communications which were either forwarded to management, referred to the appropriate entity, closed with no further action necessary, or assigned for investigation. There were no investigative reports issued during the reporting period.

CFA OIG ACCREDITATION

The OIG's investigative function is accredited by the Commission for Florida Law Enforcement Accreditation (CFA). The CFA establishes professional investigative standards, oversees an accreditation program, and awards accreditation to compliant Florida Offices of Inspectors General. Being accredited means the work products of the OIG's investigative function meet or exceed the highest professional standards. 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 was awarded its initial accredited status in 2017, and must undergo a reaccreditation assessment every three years. The OIG investigative function must continuously follow the CFA's strict standards and maintain proofs of compliance necessary to document compliance with those standards. The OIG was scheduled to have its reaccreditation assessment in April 2020; however, due to the COVID-19 health crisis it was rescheduled to July 2020. Following the July assessment, the assessment team recommended the FDEM OIG be reaccredited, and the OIG will appear before the CFA at an upcoming meeting.



Quality Assurance and Improvement Program

In accordance with professional auditing standards⁴, the OIG maintains a Quality Assurance and Improvement Program (QAIP) that covers all aspects of the audit function and continuously monitors its effectiveness. The QAIP is designed to help the audit function add value and improve FDEM's operations and to provide assurance that the audit function maintains conformity with Red Book Standards and Code of Ethics, as well as other applicable rules and professional standards. The QAIP also assesses the efficiency and effectiveness of the audit function and identifies opportunities for improvement.

The QAIP includes periodic internal and external assessments as well as ongoing internal monitoring. Below is a summary of QAIP activities conducted by the OIG during the reporting period:

INTERNAL ASSESSMENTS

The OIG conducts periodic self-assessments to evaluate the audit function's conformance with the Red Book Standards and the Code of Ethics. Below is a summary of internal assessments conducted by the OIG during the reporting period:

- **Quality Assessment Review**
Project No. 20-S003 – In progress

The OIG initiated a project to review requirements for the QAIP. The project began in the 2019-2020 fiscal year, but was not completed as of June 30, 2020. The results of the project will be included in the OIG 2020-2021 Annual Report.

EXTERNAL ASSESSMENTS

External assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside FDEM. No external assessments were conducted during the reporting period. The next external assessment of the FDEM OIG is scheduled for early 2021.

ONGOING MONITORING

Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the OIG's audit function. It occurred continuously throughout the reporting period, as it is incorporated into the OIG's routine policies and practices. Ongoing monitoring activities include: engagement supervision; supervisory review and approval of work products; standardized work practices, checklists, and templates; surveying audit clients regarding satisfactory audit practices and areas for improvement; and quality improvement steps built into every audit project.

⁴ Green Book (Quality Standards for Offices of Inspector General, Quality Assurance, A. General Standard); Red Book Standard 1300 (Quality Assurance Improvement Program); and Yellow Book Standard 5.02 (Quality Control and Assurance).

Executive Office of the Governor
Florida Division of Emergency Management

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OIG **HOTLINE**
REPORT FRAUD

Report Fraud, Waste, Abuse, or Misconduct

FDEM OIG: 1-850-815-4151
Complaint@em.MyFlorida.com

Susan Cureton, CIA, CFE, CIG
Inspector General