



STATE OF FLORIDA

# DIVISION OF EMERGENCY MANAGEMENT

Ron DeSantis  
Governor

Kevin Guthrie  
Director

September 27, 2021

Kevin Guthrie, 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 2020-2021 Fiscal Year

Dear Director Guthrie and Chief Inspector General Miguel:

I am pleased to present our Annual Report for Fiscal Year 2020-2021. This report was prepared pursuant to § 20.055, Florida Statutes, and summarizes the activities and accomplishments of the Office of Inspector General during the Fiscal Year 2020-2021.

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



## Office of Inspector General

### Annual Report Fiscal Year 2020-2021

September 27, 2021



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## INTRODUCTION

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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 agency 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.).

In response to the statutory requirement, this report was prepared by the Florida Division of Emergency Management (FDEM)<sup>1</sup> OIG. This report summarizes the audit engagements, special projects, investigations, and other accountability activities conducted by the FDEM OIG during the 2020-2021 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.

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<sup>1</sup> The Florida Division of Emergency Management (FDEM) was established within the Executive Office of the Governor pursuant to § 14.2016, Florida Statutes (F.S.).



## PROFESSIONAL STANDARDS

Professional auditing and investigative standards provide a framework and guiding principles for the performance of the work of the OIG. The OIG conducts audit and investigative activities in accordance with the following professional standards:

- *Principles and Standards for Offices of Inspector General* (Green Book), as published by the Association of Inspectors General. Both **audit and investigative activities** are conducted using the Green Book.
- *International Standards for the Professional Practice of Internal Auditing* (Red Book), as published by the Institute of Internal Auditors. Internal **audit engagements** are conducted using the Red Book standards or, where appropriate, Yellow Book standards (see below).
- *Generally Accepted Government Auditing Standards* (Yellow Book), as published by the United States Government Accountability Office. Internal **audit engagements** may be conducted using Yellow Book standards where appropriate.
- Florida Commission for Florida Law Enforcement Accreditation (CFA). In addition to Green Book standards, **investigative activities** are conducted in accordance with accreditation standards set forth by the CFA.

## INDEPENDENCE AND OBJECTIVITY

In accordance with statutory requirements<sup>2</sup>, as well as professional auditing and investigative standards<sup>3</sup>, OIG staff members must be free from personal or external impairments to independence and should constantly maintain an objective attitude and appearance.

- Independence: The activities of the OIG must be free from conditions that threaten the ability of OIG staff members to carry out their responsibilities in an unbiased manner.
- Objectivity: OIG staff members must have an impartial, unbiased attitude and avoid any conflict of interest.

In order to maintain independence and objectivity, OIG staff members shall have no direct operational responsibility or authority over any of the activities that may be subject to being audited, investigated, or reviewed by the OIG. Accordingly, OIG staff will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Performing any operational duties for FDEM or its affiliates.
- Initiating or approving transactions external to the internal audit activity.
- Directing the activities of any FDEM employee not employed by the OIG, except to the extent that such employees have been appropriately assigned to assist the OIG.

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<sup>2</sup> Section 20.055(7)(d), F.S. requires the OIG to conduct investigations and other inquiries free of actual or perceived impairment to independence. CFA Standard 1.05

<sup>3</sup> CFA Standard 1.05; Green Book Standard (Quality Standards for Offices of Inspectors General, Independence, A); Red Book Standard 1100 (Independence and Objectivity); and Yellow Book Standards 3.18-3.20.



## ORGANIZATION

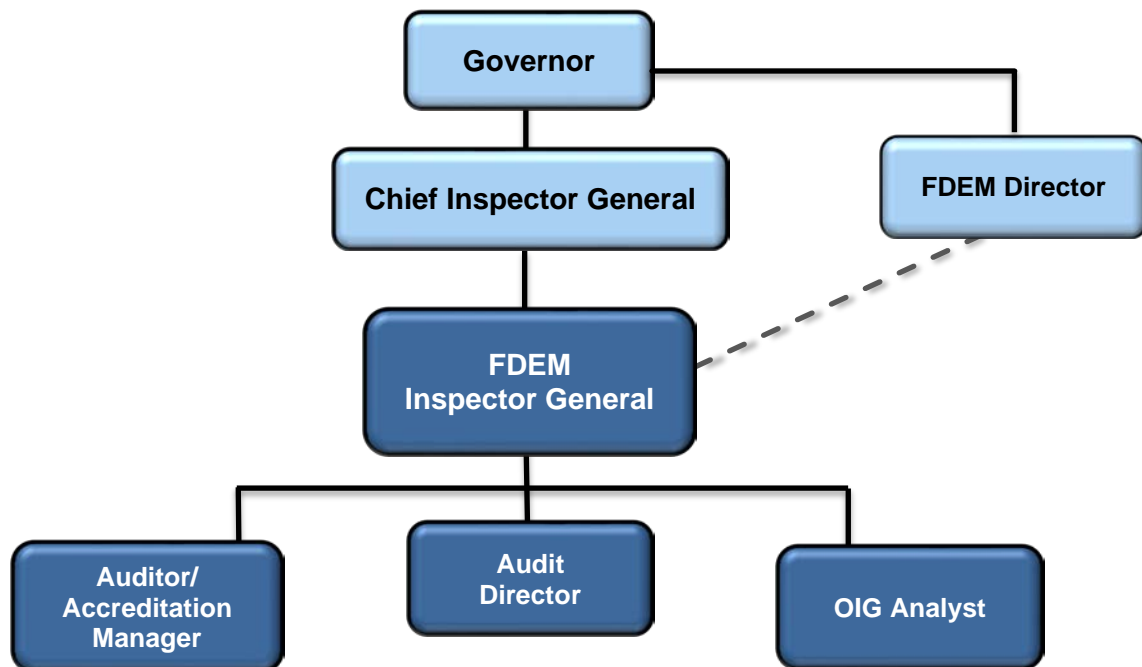
The FDEM OIG is under the direction of the Inspector General. Pursuant to statute, the Inspector General reports directly to the Chief Inspector General (CIG)<sup>4</sup> and administratively to the FDEM Director, and is not subject to supervision by any FDEM employee. This organization ensures that 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. OIG staff members collectively carry out all activities of the OIG, including audit and investigative responsibilities.

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.

The **Investigative Function** of the OIG receives complaints, conducts investigations, and coordinates activities required by § 20.055(7), F.S., and the Florida Whistle-blower's Act (§§ 112.3187-112.31895, F.S.). Investigative activities include maintaining investigative procedures that meet CFA standards, and preparing documented proofs of compliance necessary to maintain the OIG's accredited status.

As of June 30, 2021, the OIG was comprised of four positions: Inspector General, Audit Director, Auditor/Accreditation Manager, and OIG Analyst.

### ORGANIZATIONAL CHART



<sup>4</sup> The Office of the Chief Inspector General (OCIG) is established within the Executive Office of the Governor pursuant to § 14.32, F.S. The Chief Inspector General (CIG) is responsible for promoting accountability, integrity, and efficiency in the agencies under the jurisdiction of the Governor.



## **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 DEVELOPMENT**

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.
- CFA OIG Accreditation standards: Investigative staff members must receive a minimum of 40 hours of continuing education every two years.

To ensure the requirements listed above were met, OIG staff members attended training, conferences, and webinars sponsored by various professional organizations.

### **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 Attorney
- Florida Notary Public
- Florida Certified Contract Manager

### **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 and the Illinois State Bar Association



## **AUDIT ACTIVITIES**

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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. During the review period, the FDEM OIG conducted audit engagements, special projects and reviews, prior audit follow-up reviews, and an annual risk assessment; prepared the OIG's Annual Work Plan; and provided external audit coordination. A summary of the audit activities conducted during the review period is provided below.

### **AUDIT ENGAGEMENTS**

Below is a summary of the audit engagements conducted by the OIG during the reporting period. The audit engagements listed below were conducted in accordance with Red Book standards.

➤ **Governance Audit**  
Report No. 20-A001, issued June 2021

The OIG completed an audit of FDEM's Standard Operating System (SOS) in accordance with the OIG's 2019-2020 Annual Work Plan. The objectives of the audit were to determine (1) whether FDEM's procedural documents are adopted in accordance with SOS procedure number SOP-DOO-001, and (2) whether scheduled reviews of FDEM's procedural documents are timely conducted in accordance with SOS procedure number SOP-DOO-001.

Based on the results of the audit, the OIG identified opportunities to enhance internal controls related to the SOS. The final report contained one finding with five recommendations as summarized below. Management concurred with our finding and all recommendations.

**Finding 1: The Standard Operating System procedure (Procedure No. SOP-DOO-001) was not always followed nor functioning as intended.**

- Recommendation 1.1: We recommend management establish a dedicated position, or unit/section, within FDEM in order to consistently and effectively coordinate the SOS procedure Division-wide.
- Recommendation 1.2: We recommend management ensure FDEM's procedural documents are inventoried, tracked, and published on FDEM's portal, as required by the SOS procedure.
- Recommendation 1.3: We recommend management ensure all procedural documents in use by FDEM are reviewed to determine which documents need to be formally adopted, and ensure those documents are adopted in accordance with the SOS procedure.





- Recommendation 1.4: We recommend management ensure periodic training and/or awareness activities are conducted to ensure that all FDEM staff understand the SOS process and their responsibilities under the SOS procedure.
- Recommendation 1.5: We recommend management ensure scheduled reviews of all FDEM's procedural documents - including the SOS procedure itself - are conducted, as required by the SOS procedure.

➤ **CARES Act Funding Audit**

The OIG initiated an audit of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, in accordance with the OIG's 2020-2021 Annual Work Plan. The focus of the audit was to review FDEM's administration of CARES Act funding. Based on the results of our preliminary research, it was determined that the audit was duplicative of other engagements, reviews, and accountability projects already in progress by the OIG as well as the Auditor General. This engagement was closed in June 2021, with no report issued.

**SPECIAL PROJECTS AND REVIEWS**

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

➤ **2019-2020 Performance Measure Review**

In accordance with § 20.055(2)(b), F.S., the OIG initiated a review of FDEM's performance measure results for the 2019-2020 fiscal year. The objective of the review was to assess the validity and reliability of FDEM's performance measure results reported, and make recommendations for improvement, if necessary. The scope of the review included the performance measure results included in FDEM's *Long Range Program Plan Fiscal Years 2021-2022 Through 2025-2026*.

Based on the preliminary research, the OIG determined that FDEM did not have written procedures related to the performance measure process, as recommended by the OIG in prior year reviews. Due to the lack of documented procedures or approved methodologies, the OIG was unable to assess the validity and reliability of FDEM's performance measure results. A similar finding regarding lack of procedures was made in three prior OIG reviews of FDEM's performance measures: OIG project numbers 20-S001, 19-S001, and 17-S004.

Written procedures defining roles and responsibilities for the performance measure process, as well as approved methodologies used to calculate FDEM's performance measure results, would help ensure the measures are calculated consistently and accurately. Without written procedures and approved methodologies, there is no assurance that the results reported for FDEM's performance measures are calculated consistently or accurately, and institutional knowledge may be lost during turnover.

Based on our review, this project was closed in January 2021, with no report issued. The OIG will continue to monitor the status of written procedures related to the calculation and reporting of FDEM's performance measure results on an annual basis, or as necessary.



➤ **OIG Annual Report for Fiscal Year 2019-2020**

In accordance with § 20.055(8)(a), F.S., the OIG prepared the OIG Annual Report for the 2019-2020 fiscal year. The report summarized the activities and accomplishments of the OIG based on its statutory obligations and other responsibilities assigned during the preceding fiscal year. The final report was issued in September 2020 and, pursuant to statute, was provided to the FDEM Director and the CIG.

➤ **100% Validation Review**

The OIG initiated this project in coordination with the Office of the Chief Inspector General (OCIG). The purpose of this project was to review, and gain a better understanding of, the "100% Validation" process used by the FDEM Bureau of Recovery to validate subrecipient reimbursement requests submitted under the Public Assistance Grant Program. The scope of the project was limited to reimbursement requests submitted under DR-4399 (Hurricane Michael). OIG staff identified stakeholders, reviewed relevant contractual documents, surveyed stakeholders, and conducted an analysis of the data and information obtained from stakeholders. Due to changing priorities and additional assignments requiring OIG resources, this project was closed with no report issued.

**RISK ASSESSMENT AND ANNUAL WORK PLAN**

Florida Statutes and professional auditing standards<sup>5</sup> 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 & Long-Term Audit Plan for Fiscal Year 2021-2022* (plan). The plan shows the allocation of resources assigned to audits, investigative activities, and other OIG oversight and accountability activities to be conducted during 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. The OIG's 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 FDEM management to obtain their input into operations and associated risks in their areas of responsibility and in the Division as a whole.
- 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 in July 2021. 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.

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<sup>5</sup> Section 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 standards<sup>6</sup>, the OIG conducted the following follow-up reviews during the reporting period to determine the status of corrective actions taken by management in response to internal and external audit reports:

### **Internal Audit Follow-Up:**

- **Six-Month Status Report to OIG Report No. 19-A002, Building Access Cards Audit**  
Report No. 21-F002, issued June 2021

The OIG conducted a six-month follow-up review to determine the status of corrective actions taken by management in response to OIG Report Number 19-A002, *Building Access Cards Audit*, issued in June 2020. The audit report and the follow-up report contain information that is confidential and exempt from public disclosure pursuant to §§ 119.071 and 281.301, F.S., which states records and other information relating to the security systems for property owned by or leased to the state is confidential.

- **18-Month Status Report to OIG Report No. 18-A001, HMGP Audit**  
Report No. 21-F001, issued December 2020

The OIG conducted an 18-month follow-up review 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 the follow-up review, the OIG determined that management had taken steps towards corrective actions; however, both findings remained open.

### **External Audit Follow-Up:**

- **Six-Month Status Report to Auditor General Report 2020-170**  
Report No. 21-E001, issued September 2020

Pursuant to § 20.055(6)(h), F.S., the OIG conducted a six-month follow-up review to the Auditor General's report number 2020-170, *State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2019*, issued in March 2020. The final report contained three findings and three recommendations related to FDEM. The OIG's six-month status report contains management's updated response and actions taken towards implementing the recommendations. In accordance with statute, the follow-up report was provided to the FDEM Director, the CIG, and the Legislative Auditing Committee.

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<sup>6</sup> Sections 20.055(2)(c) and 20.055(6)(h), F.S. and Red Book Standard 2500 (Monitoring Progress)



### **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 period, the OIG assisted with coordination of the following audits conducted by the Florida Auditor General:

- *State of Florida Financial and Federal Single Audit for FY Ended June 30, 2020*  
Report No. 2021-182, issued March 2021
- Multi-agency Operational Audit, COVID-19 Data Collection and Reporting  
In progress as of June 30, 2021
- *State of Florida Financial and Federal Single Audit for FY Ended June 30, 2021*  
In progress as of June 30, 2021

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

- The Federal Emergency Management Agency
- The Office of Program Policy Analysis and Government Accountability
- The United States Department of Agriculture, Office of Inspector General



## **INVESTIGATIVE ACTIVITIES**

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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. Investigative work is conducted using Green Book and CFA standards. Per statutory requirements, 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.

Below is a summary of the investigative and accreditation activities conducted by the OIG during the review period.

### **INVESTIGATIONS AND COMPLAINTS**

The OIG may receive complaints<sup>7</sup> or other correspondence 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, jurisdiction, categorization, and disposition. Additionally, each complaint received is evaluated to determine if the provisions of the Florida Whistle-blower's Act may apply.

No investigative reports were issued during the reporting period; however, the OIG received 39 communications which were reviewed and evaluated for factual basis and jurisdiction<sup>8</sup>. Evaluation of a complaint or inquiry may include the following actions, as deemed appropriate:

- Complainant is contacted and interviewed.
- Research is conducted on issues reported.
- FDEM Management is briefed on issues reported.
- Document requests are issued.
- Sworn statements or interviews of appropriate staff are conducted.

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<sup>7</sup> A complaint is defined as an allegation of misconduct, violation of law or agency directives, against any member of the agency or for which the OIG has jurisdiction.

<sup>8</sup> Jurisdiction refers to whether the OIG has the authority to investigate the violation or acts reported.



Once the complaint or inquiry has been evaluated, the disposition of each communication may include, as appropriate:

- Assigned for investigation,
- Referred to FDEM management or other appropriate official, or
- Filed with no further action necessary.

### **COMMISSION FOR FLORIDA LAW ENFORCEMENT ACCREDITATION**

Initially accredited in 2017, the OIG must undergo a reaccreditation assessment every three years. During the reporting period, the OIG appeared before the Commission for Florida Law Enforcement Accreditation (CFA) and was unanimously awarded reaccreditation of the OIG's investigative function.

The CFA establishes professional investigative standards, oversees an accreditation program, and awards accreditation to compliant Florida Offices of Inspectors General. Being accredited reflects the dedication and commitment of the OIG to ensure investigative work is conducted in accordance with the highest investigative standards.

The reaccreditation assessment process includes a review by an independent authority that allows an OIG to demonstrate its ability to meet a set of professional standards promulgated by the CFA. As part of the process, independent and objective assessors conducted interviews with OIG employees and reviewed OIG documents to verify compliance with CFA standards.

The OIG is committed to ensuring investigative work is conducted and documented pursuant to statutory requirements and CFA standards. The next reaccreditation assessment is scheduled to take place in 2023.





## OTHER ACCOUNTABILITY ACTIVITIES

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

### ➤ International Fraud Awareness Week

During International Fraud Awareness Week (November 15-21, 2020), the OIG developed a fraud awareness email campaign that provided daily fact sheets to all FDEM staff members. The goal of this campaign was to: (1) help FDEM staff better understand the concept of fraud, specifically Occupational 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, Identifying Fraud and Vulnerabilities, Categories of Occupation Fraud, Fraudster Statistics, Preventing Fraud, Detecting and Reporting Fraud, as well as insightful information regarding Whistle-blower protection.

### ➤ Coronavirus Aid, Relief, and Economic Security (CARES) Act Oversight

The CARES Act was passed by the U.S. Congress in March 2020, and included \$150 billion in relief funds for states to address the impacts of the COVID-19 pandemic. These funds may be used to cover state's costs incurred due to the health crisis. The State of Florida, through FDEM, dispersed over \$1 billion in CARES Act funds to local governments with populations under 500,000. During the reporting period, the OIG conducted oversight activities related to CARES Act funds including the following:

- Attended COVID-19 Agency Response weekly conference calls organized by the Executive Office of the Governor's Office of Policy and Budget.
- Attended daily briefings of the State Emergency Response Team (SERT) regarding the status of the COVID-19 activation response.
- Attended daily/weekly calls between the SERT and Florida county emergency managers regarding the status of the COVID-19 activation response.
- Attended weekly webinars hosted by FDEM's Recovery Bureau regarding CARES Act funding to Florida counties.
- Attended monthly meetings of the COVID-19 Accountability Work Group, hosted by the NASACT (see more below).
- Coordinated a Risk Readiness Review for pandemic-related funds (see more below).

### ➤ National Association of State Auditors, Comptrollers, and Treasurers (NASACT)

The NASACT is a national organization designed to bring together state auditors, comptrollers, and treasurers to cooperatively address government financial management issues. OIG staff members participate 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 reporting period, the monthly meetings transitioned into the COVID-19 Accountability Work Group.



➤ **Agency Risk Readiness Review**

During the reporting period, the OCIG appointed a working group that created a two-part risk readiness review (survey/review) for pandemic related funds to be distributed to the Governor's agencies. The purpose of the review was to assess the status of the implementation of internal controls, which may help mitigate the risk of fraud, waste, or abuse, in programs expending pandemic or pandemic related funds. The review focused on internal controls of each agency's procurement/acquisition, budget, legal, and finance and accounting functions, as well as specific program areas expending substantial pandemic or pandemic related funds. The FDEM OIG distributed the surveys to appropriate FDEM management and coordinated FDEM's response to the risk readiness review. The completed surveys were provided to the OCIG and the Auditor General, as requested.

➤ **Executive Order 20-44**

In February 2020, Governor DeSantis issued Executive Order 20-44. The OIG coordinated with FDEM management to ensure timely submission of actions requested in the order, which directed state agencies to identify and submit a list of the following:

- All entities named in statute with which the agency must form a sole-source, public-private agreement; and
- All entities that through contract or other agreement with the State, annually received 50% or more of their budget from the State or from a combination of State and Federal funds.

➤ **Single Audit Reviews**

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 their fiscal year are 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 158 single audit reports.

➤ **Computer Security Incident Response Team**

Pursuant to 60GG-2.005, Florida Administrative Code, state agencies shall establish a Computer Security Incident Response Team (CSIRT) to respond to cybersecurity incidents. CSIRT members shall convene immediately, upon notice of cybersecurity incidents, and the CSIRT team shall report findings to agency management. The FDEM Inspector General serves in an advisory capacity on FDEM's CSIRT.





## QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

In accordance with professional auditing standards<sup>9</sup>, 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 the 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 Code of Ethics. Below is a summary of internal assessments conducted by the OIG during the reporting period:

➤ **Periodic Self-Assessment of Internal Audit Activity**  
Project No. 21-S001 – Completed December 2020

The OIG initiated a project to evaluate the internal audit activity's conformance with the *International Standards for the Professional Practice of Internal Auditing* (Red Book standards) and Code of Ethics published by the Institute of Internal Auditors (IIA) for the period of July 1, 2019, through June 30, 2020. Based on our review, we determined the OIG's internal audit activity generally conforms with the Red Book standards and Code of Ethics. Additionally, we identified three observations as part of our review, as summarized below:

**Observation 1:** The OIG Internal Audit Manual requires OIG staff members to uphold the principles and rules of conduct included in the IIA Code of Ethics. The full Code of Ethics is included in the manual for all staff to read, understand, and follow. While the manual is available electronically and provided to all OIG staff, there is no annual documentation evidencing that all OIG staff have read, understand, and agree to abide by the IIA Code of Ethics.

**Recommendation:** To assist in supporting the expectation that internal audit staff will conform to the IIA Code of Ethics, we recommend each internal audit staff member annually sign an attestation that they have read, understand, and agree to abide by the IIA Code of Ethics.

**Corrective Action Taken:** A template was drafted, titled IIA Code of Ethics Annual Pledge, and a task was added to the OIG's End of Year Checklist for all OIG staff to annually sign the pledge. No further corrective action necessary.

<sup>9</sup> 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).



**Observation 2:** The Florida Auditor General conducts external Quality Assessment Reviews (QARs) every three years for each state agency's OIG. In part, the objective of a QAR is to determine whether the internal audit activity of the OIG conforms to applicable professional auditing standards and the IIA Code of Ethics.

As a division of the Executive Office of the Governor (EOG), FDEM's OIG falls under the purview of the Office of the Chief Inspector General (OCIG). Since 2011, when FDEM became a division within the EOG, the Auditor General has conducted QARs of the OCIG in 2013, 2016, and 2019. Each review determined that the OCIG had provided reasonable assurance of conformance with applicable professional auditing standards. In September 2020, the FDEM Inspector General requested the Auditor General conduct a QAR specifically for FDEM's OIG, and separate from the OCIG. The Auditor General agreed, and a QAR was scheduled to be conducted in February 2021.

**Recommendation:** We recommend the FDEM OIG undergo the external QAR scheduled to be conducted by the Auditor General in February 2021.

**Corrective Action Taken:** The FDEM OIG will undergo an external QAR, conducted by the Auditor General, and scheduled for February 2021.

**Observation 3:** To ensure the FDEM OIG's internal audits are conducted in compliance with Red Book Standards, the OIG maintains thorough templates for conducting internal audit activities. These templates also help ensure internal audits are conducted in an efficient and consistent manner. This observation relates to successful internal audit practices; therefore, no recommendations or corrective actions are necessary.

➤ **Quality Assessment Review**  
Project No. 20-S003 – Completed July 2020

The OIG initiated a project to review requirements for the OIG's internal audit QAIP. Based on the information gathered, the project was closed and Project No. 21-S001 (described above) was initiated in order for the OIG to complete a periodic self-assessment of the internal audit function.



## **EXTERNAL ASSESSMENTS**

During the reporting year, and pursuant to § 11.45(2)(l), F.S., the Auditor General conducted a Quality Assurance Review of the OIG's internal audit activity. The Auditor General's review included examining the OIG's quality assurance and improvement program in effect during the review period July 2019 through June 2020. The quality assurance and improvement program of the OIG encompasses the OIG's charter, organizational environment, and policies and procedures established to provide management with reasonable assurance that the internal audit activity operates in conformity with applicable auditing standards and the Code of Ethics issued by The Institute of Internal Auditors. Additionally, the Auditor General reviewed the OIG's compliance with specific provisions of § 20.055, F.S., governing the operation of State agencies' offices of inspectors general internal audit activities.

The Auditor General's report (Report No. 2021-207) was issued in May 2021, and concluded that the quality assurance and improvement program for the OIG's internal audit activity was adequately designed and complied with during the review period to provide reasonable assurance of conformance with applicable professional auditing standards and the Code of Ethics issued by The Institute of Internal Auditors. Additionally, the Auditor General concluded that the OIG generally complied with those provisions of § 20.055, F.S., governing the operation of State agencies' offices of inspectors general internal audit activities.

## **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.

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