



STATE OF FLORIDA

DIVISION OF EMERGENCY MANAGEMENT

RICK SCOTT
Governor

BRYAN W. KOON
Director

November 6, 2015

Bryan Koon
Director
Division of Emergency Management
2555 Shumard Oak Boulevard
Tallahassee, Florida 32399-2100

Re: **Auditor General Report No. 2015-166**
State of Florida – Compliance and Internal
Controls Over Financial Reporting and
Federal Awards
FY2013-2014

Dear Director Koon:

As required by Section 20.055(6)(h), Florida Statutes, the six month status report for the subject audit is attached. The report details the implementation or current status of each recommendation.

If you have any questions, please call me at 922-1611.

Sincerely,

Ronnie Atkins,
Deputy Inspector General

RA: mc

Enclosure

Cc: Jonathan Lord, Deputy Director
Kathy Dubose, Staff Director
Joint Legislative Auditing Committee
JLAC@leg.state.fl.us
Melinda Miguel, Chief Inspector General

FLORIDA DIVISION OF EMERGENCY MANAGEMENT
6-month Follow-up to the
Office of Auditor General
State of Florida – Compliance and Internal Controls Over
Financial Reporting and Federal Awards
FY2013-2014 Report #: 2015-166

Finding No. 2014-042: Disaster grants – Public Assistance (Presidentially Declared Disasters)

Hazard Mitigation Grant Program (HMGP)

The FDEM did not always maintain documentation to ensure that access to the FloridaPA.org and the Mitigation.org applications were accessible only to authorized users.

FloridaPA.org is a Web-based portal used by the FDEM to support the Disaster Grants Program. FloridaPA.org centralizes Program information which can be accessed by the FDEM, its subrecipients, and the Federal Emergency Management Agency. Subrecipient requests for payment and quarterly status reports are submitted, processed, and approved in FloridaPA.org. During the 2013-14 fiscal year, the FDEM used the FloridaPA.org application to process and approve Disaster Grants payments totaling \$49,997,272.

The FDEM uses Mitigation.org to manage HMGP projects. During the 2013-14 fiscal year, the FDEM used the Mitigation.org application to process and approve HGMP subrecipient payments totaling \$49,737,681.

The FDEM utilized Help Desk tickets or e-mail correspondence from the applicable supervisor to the Division's Information Security Manager to document user access requests and authorizations for the FloridaPA.org and the Mitigation.org applications. However, this documentation was not always maintained. Our review of 17 user accounts (12 for the FloridaPA.org and 5 for the Mitigation.org applications) disclosed that documentation authorizing access was not available for 9 of the 12 FloridaPA.org users or the 5 Mitigation.org users.

Recommendation: We recommend that the FDEM establish procedures addressing the preparation and maintenance of user access authorization documentation and that such procedures be properly implemented to ensure that IT applications are accessible only to authorized users and for authorized purposes.

Audit Response:

FDEM has implemented procedures for access to all IT systems to ensure that access requests are properly documented and that such documentation is maintained. Email requests are no longer accepted for access to any FDEM system.

For systems with users external to FDEM, such as FloridaPA.org, requests for access or changes to access must come via a Helpdesk ticket submitted by an FDEM Public Assistance account manager. Once access has been granted, the account managers are responsible for the periodic review of their accounts and requesting any necessary changes. These requests are searchable and are maintained with no current archival expiration.

For systems with users that are only internal to FDEM, such as Mitigation.org, requests are submitted via a Helpdesk ticket as above, but are then also documented on an IT Resource Request form signed by both the supervisor of the individual requesting access and the system owner of the system to which the access is requested. Like the Helpdesk requests, these hard-copy forms are maintained with no current archival expiration. They are on file for each DEM staff member granted access, and are reviewed anytime there is a position or status change for that individual.

6-month Follow-up Response:

FDEM Response

Helpdesk tickets and Resource Request Forms are currently used to request user access; however, the IT policy covering use of the form and access to IT systems is being re-written.

Completion Date: Anticipated completion date November 30, 2015

Finding No. 2014-043: Disaster Grants – Public Assistance (Presidentially Declared Disasters) Hazard Mitigation Grant Program (HMGP)

Homeland Security Grant Program (HSGP)

The FDEM did not report applicable Disaster Grants – Public Assistance (Public Assistance) Program, HMGP, and HSGP subaward data in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) pursuant to Federal regulations.

FFATA regulations required the FDEM, as a recipient, to report in the FSRS key data elements regarding its subawards. The FSRS is a reporting tool used to capture and report subaward and executive compensation data and make it available to the public via a single, searchable Web site. FFATA reporting is required for grants or cooperative agreements exceeding \$25,000, effective on or after October 1, 2010, and made with a new Federal Assistance Identification Number on or after that date. Pursuant to Federal regulations, the FDEM should have reported, by the end of the month following the month in which the obligation was made, the key data elements for such grants. During the period July 1, 2013, through June 30, 2014, the FDEM made 302 subawards totaling \$63,295,323.28, for which FFATA reporting was required. However, the FDEM did not report in the FSRS data for any of these subawards. Specifically, we noted that:

- The FDEM did not report in the FSRs 215 subawards totaling \$39,318,240.28 made directly to other entities for the Public Assistance Program, 19 subawards totaling \$3,721,719 made directly to other entities for the HMGP, and 63 subawards totaling \$19,949,656 made directly to other entities for the HSGP.
- The FDEM transferred HSGP funds totaling \$305,708 to the Florida Department of Financial Services (FDFS) and the FDFS used the funds to make 5 subawards to other entities.

Recommendation: We recommend that the FDEM ensure that all data elements are properly and timely reported in the FSRs for subawards made from applicable grants.

Audit Response:

The workload issue has been resolved and the programs addressed in this audit have been entered into FFATA. As stated previously, DEM continues to work with our program areas and the FFATA helpdesk to address any issues to ensure compliance with this requirement.

We currently have 7 grant programs that Federal Award Identification Numbers have not been loaded in FSRs and therefore are not available for entry in FFATA. We have reported this information to the FFATA helpdesk and, based on their reply, we are reaching out to our federal contacts to resolve this issue.

6-month Follow-up Response:

FDEM Response

At the time of the audit, FDEM was not able to upload sub-award information under 7 grant programs because FEMA had not uploaded the Prime Awardee information into FFATA. The Prime Awardee information has now been loaded into FFATA and FDEM has uploaded the corresponding sub-award information. FDEM is also current for all sub-award information required to be uploaded into the FFATA system.

On August 11, 2015, the Office of Auditor General staff conducted a follow-up of finding 2014-043 and the finding was cleared. FDEM has developed FFATA procedures and instructions.

Completion Date: Completed

Finding No. 2014-044: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

FDEM procedures were not sufficient to ensure that the Federal Financial Reports (FFRs) were properly completed. As a result, the FDEM submitted FFRs during the 2013-14 fiscal year that may have been inaccurate.

The Federal Emergency Management Agency (FEMA) requires recipients to quarterly report Federal cash receipts and disbursements, Federal expenditures and unobligated balances, and recipient share (matching and cost sharing provided by the State).

Recommendation: We recommend that the FDEM update procedures to ensure the amounts reported on the quarterly FFRs are accurate.

Audit Response:

The Finance Office within the FDEM has changed its process to no longer calculate the required state match for disaster related grant programs. This amount will now be provided to the Finance Office from the various program offices. The amount received will then be recorded on the Federal Financial Report submitted to the federal grantor.

6-month Follow-up Response:

FDEM Response

FDEM has updated its procedures to ensure the amounts reported on the quarterly Federal Financial Reports (FFRs) are accurate.

Completion Date: Completed

Finding No. 2014-045: Homeland Security Grant Program (HSGP)

The FDEM did not always require adequate documentation be submitted by subgrantees to substantiate amounts requested for reimbursement. Additionally, one subgrantee was reimbursed for payments for unused leave charged directly to the Program, contrary to Federal regulations.

During the 2013-14 fiscal year, approximately \$58.1 million in HSGP funds was expended by ten State agencies. We tested 55 expenditures totaling \$6,193,644.32 at three State agencies, including 34 subgrantee payments totaling \$5,635,200.22 made by the FDEM. Our review disclosed that the FDEM made 5 payments (for five different subgrantees) totaling \$1,975,581.26 for which available documentation did not adequately support amounts paid for fringe benefits and other costs totaling \$192,207.83. Specifically:

- For 3 subgrantee payments totaling \$209,798.60, the FDEM was unable to provide documentation, such as vendor invoices and conference sign-in sheets, to support

amounts totaling \$174,397.19 requested for reimbursement and subsequently paid by the FDEM. These three payments were for exercise, planning, and equipment expenses.

- The FDEM made a payment totaling \$1,761,074.44, which included costs totaling \$17,698.46 for unused leave directly charged to the Program. Costs associated with unused leave are allowable only if allocated as an administrative expense to all activities.
- The FDEM made a payment totaling \$4,708.22 for equipment expenses that exceeded the approved budgeted amount by \$112.18.

Recommendation: We recommend that the FDEM ensure subgrantee requests for reimbursement are adequately supported and that amounts are paid in accordance with OMB Circular A-87.

Audit Response:

Domestic Security Grant staff have been instructed to properly review grant files to ensure reimbursements are adequately supported and amounts paid are in accordance with OMB Circular A-87 and other related guidance documents. For the next 90 days programmatic staff will sample files to ensure expenditures are supported with appropriate source documentation (e.g. copies of invoices, timesheets, sign-in sheets, etc.). Upon completion of the sample period, FDEM Office of Domestic Security Sub-Recipient Grant Handbook will be updated as appropriate and staff/sub-recipients will follow procedures outlined in this document.

6-month Follow-up Response:

FDEM Response

FDEM has obtained the required supporting documentation and reimbursement for amounts exceeding the approved budget for all of the \$192,207.83 of questioned costs except for \$17,698.46 of unused leave directly charged to the Program. Details are as follows:

- FDEM has obtained documentation, such as vendor invoices and conference sign-in sheets, to support the \$174,397.19 requested for reimbursement and subsequently paid by the FDEM.
- FDEM has requested reimbursement for \$17,698.46 of unused leave directly charged to the Program.
- FDEM has recovered and returned to the grant \$112.18 of equipment expenses that exceeded the approved budgeted amount.

Completion Date: Anticipated completion date December 31, 2015

Finding No. 2014-046: Homeland Security Grant Program (HSGP)

The FDFS paid amounts to a subgrantee in excess of the documented costs. The FDFS also made payments to another subgrantee for expenditures incurred prior to the execution of the contract.

During the 2013-14 fiscal year, the FDFS, Division of State Fire Marshal, expended HSGP funds totaling \$2,630,213.78, including payments totaling \$2,352,690.32 made to subgrantees. Our test of 15 payments totaling \$291,216.41, disclosed that overpayments totaling \$251.35 were made to subgrantees due to errors in training cost calculations. We also noted that the FDFS reimbursed a subgrantee \$493.85 for expenditures incurred 1 to 3 months prior to the start of the contract period.

Recommendation: We recommend that the FDFS ensure subgrantee requests for reimbursement are made in accordance with OMB Circular A-87. We also recommend that the FDFS only reimburse expenditures incurred during the applicable contract period.

Audit Response:

Concur. The two exceptions were rare oversights that occurred during the processing of numerous voluminous reimbursement packages. The FDFS requested refunds from the subrecipients and received a refund of \$251.35 from one subrecipient. The second refund of \$493.85 has been issued by the subrecipient and is in transit to FDFS. The FDFS will reimburse DEM for the questioned costs.

6-month Follow-up Response:

FDEM Response

FDEM has recovered \$251.35 from the sub-recipient. See attachment 046-1. The \$251.35 was returned to the grant on 3-3-15.

FDEM has recovered \$493.85 from the sub-recipient. See attachment 046-3. The \$493.85 was returned to the grant on 8-7-15.

Completion Date: Completed

Finding No. 2014-047: Homeland Security Grant Program (HSGP)

The USDHS awarded the FDEM \$72,345,392 for the 2009 Federal fiscal year, of which no more than 3 percent (or \$2,170,364.76) was to be used for management and administrative (M&A) purposes associated with the HSGP award. However, the FDEM expended \$2,237,022.08 for M&A costs, or \$66,660.32 more than the 3 percent allowed.

The FDEM did not effectively ensure that no more than 3 percent of funds awarded were used for management and administrative purposes associated with the HSGP award.

Recommendation: We recommend that the FDEM strengthen communication to ensure that HSGP M&A costs do not exceed the amount allowed.

Audit Response:

The Finance Office within the FDEM has changed its process to no longer calculate the required state match for disaster related grant programs. This amount will now be provided to the Finance Office from the various program offices. The amount received will then be recorded on the Federal Financial Report submitted to the federal grantor.

6-month Follow-up Response:

FDEM Response

FDEM paid 2010 M&A expenses from the 2009 grants in error. This created an overpayment in the M&A expense of the 2009 grants. The total amount of the overpayments was more than the \$66,660.32 reported in the audit. The overpayment for the UASI grant was \$87,958.97 and the overpayment for the SHSGP grant was \$132,996.74. FDEM corrected this overpayment by transferring funds from the 2010 grants, where the charges should have been originally recorded, to the 2009 grants to correctly state the M&A expenses for the 2009 grants.

Completion Date: Completed