



STATE OF FLORIDA

DIVISION OF EMERGENCY MANAGEMENT

Ron DeSantis
Governor

Jared Moskowitz
Director

MEMORANDUM

TO: Jared Moskowitz, Director
FROM: SC Susan Cureton, Inspector General
DATE: September 25, 2019
SUBJECT: Six-Month Status Report to Auditor General Report No. 2019-186

Pursuant to Section 20.055(6)(h), Florida Statutes, the Office of Inspector General 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*. The final report was issued by the Auditor General in March 2019, and contained four findings and three recommendations related to FDEM.

Please find attached our six-month status report regarding management's update to the findings included in the Auditor General's report. We appreciate the assistance and cooperation provided by staff members of FDEM's Recovery Bureau during this project.

If you have any questions, please let me know.

Attachment

CC: Kevin Guthrie, Deputy Director
Amanda Campen, Recovery Bureau Chief
Melinda Miguel, Chief Inspector General
Joint Legislative Auditing Committee

Florida Division of Emergency Management



Office of Inspector General

Six-Month Status Report to
Auditor General Report No. 2019-186

September 25, 2019



INTRODUCTION

Pursuant to Section 20.055(6)(h), Florida Statutes, the Office of Inspector General (OIG) for the Florida Division of Emergency Management (FDEM) 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*. The final report was issued by the Auditor General in March 2019, and contained four findings and three recommendations related to FDEM.

SUMMARY OF FINDINGS & MANAGEMENT'S RESPONSE

The OIG requested management in FDEM's Recovery Bureau to provide a six-month status update regarding the findings included in the Auditor General's report number 2019-186. The following is a summary of the Auditor General's findings and recommendations, along with FDEM management's six-month status update.

AUDITOR GENERAL FINDING NO. 2018-033

Finding: The FDEM did not always maintain documentation to support costs charged to the Disaster Grants program.

Recommendation: We recommend that FDEM management strengthen reimbursement processing controls to ensure that FDEM records evidence that all costs charged to the Disaster Grants program are allowable.

FDEM Management Response: The Florida Division of Emergency Management (FDEM) concurs with this recommendation and is strengthening reimbursement controls by ensuring that staff will record evidence that all costs have been validated and deemed eligible prior to payment in the Division's grant Database, FloridaPA.org. The Division is addressing this finding by developing training materials to ensure that staff adhere to the Division's procedures regarding documentation submittal and tracking in FloridaPA.org. These training materials will be captured in job aides, checklists, and webinars. The Division continues to investigate the remaining balance to determine whether costs are supported.

FDEM Management Six-Month Status Update: FDEM was able to substantiate all except \$410.00 of the questioned costs and will recoup the amount as part of account reconciliation of this Subrecipient. FDEM has developed training materials to ensure that all costs are validated and deemed proper in the Division's grant database, FloridaPA.org (FLPA), prior to payment by updating and finalizing the Public Assistance Grant Management Standard Operating Procedures. This document provides an overview of submitting and tracking documentation, as well as validating documentation prior to reimbursing the Subrecipient. Once finalized, this SOP will be disseminated to appropriate staff to ensure that the Division's reimbursement procedures are followed.



AUDITOR GENERAL FINDING NO. 2018-034

Finding: The Florida Public Assistance System (FloridaPA.org) is a Web-based portal used to manage the Disaster Grants – Florida Public Assistance programs relating to disaster relief and recovery. In our information technology operational audit report No. 2019-049, dated November 2018, we disclosed significant deficiencies related to selected FloridaPA.org information technology controls. Specifically, in Findings 2 through 5 we disclosed significant security control deficiencies related to access privileges. In Finding 9, we disclosed significant security control deficiencies related to the transmission of data and logging and monitoring of FloridaPA.org activities. Details of the findings and recommendations are included in that report.

FDEM OIG Note: Management’s six-month status update to the findings referenced above was included in the OIG’s *Six-Month Follow-up to the Auditor General Report No. 2019-049*, issued in May 2019.

AUDITOR GENERAL FINDING NO. 2018-035

Finding: The FDEM did not verify that all applicable subrecipients were audited.

Recommendation: We recommend that the FDEM enhance policies and procedures to require FDEM staff verify that audit reports from all applicable subrecipients are obtained and reviewed to ensure that the subrecipients took timely and appropriate action to address all applicable deficiencies and to facilitate the issuance of management decisions.

FDEM Management Response: FDEM concurs with this finding and will enhance existing policies and procedures, as well as develop new policies and procedures as appropriate, to address the required receipt of audit reports from all applicable subrecipients. FDEM is researching notification options and processes. In addition to the specific requirement provided in the subgrant agreement concerning the submission, FDEM will work to ensure notification of the required submission of the audit reports specifically occurs. Process changes are being developed in coordination with the Finance Section, to verify that DEM is in fact requiring the submission of all required reports. FDEM will strengthen and enhance the review of the reports and the required timely follow-up to any actionable items contained in such reports. The Recovery Bureau will work with the DEM Inspector General to ensure this coordination occurs and is robust.

FDEM Management Six-Month Status Update: FDEM has created and implemented new policies and procedures that will be used going forward. For the 2017/2018 fiscal year, the Recovery Bureau pulled reports from our system of record to identify the population of audits that should have been received. The Bureau is in the process of reviewing the reports. For current and future years, the Bureau has purchased an Audit Tracking Module as part of the grants management software. The module will notify the Subrecipient on the 1st day of their new fiscal year, and give the Subrecipient the option to select whether or not they are subject to a Single Audit. Once the selection is made, the Bureau can follow-up with the Subrecipient and issue management decision letters as necessary.



AUDITOR GENERAL FINDING NO. 2018-036

Finding: The FDEM did not evaluate subrecipient risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward or develop an appropriate monitoring plan based on an assessed risk of noncompliance. Additionally, the FDEM did not obtain required reports from some of its subrecipients.

Recommendation: We recommend that FDEM management establish policies and procedures for conducting subrecipient risk assessments and developing monitoring plans based on the risk of noncompliance assessed. We also recommend that FDEM management enhance controls to ensure that quarterly reports are obtained from subrecipients in accordance with established guidelines.

FDEM Management Response: FDEM concurs with this finding and will establish policies and procedures for conducting subrecipient risk assessment and the resulting monitoring plans. FDEM plans to incorporate risk assessment and subrecipient monitoring into its delivery of the Public Assistance program through the creation of a subrecipient monitoring team to be housed within the Recovery Bureau. FDEM is also researching and will develop controls to ensure the proper receipt of Quarterly Reports.

FDEM Management Six-Month Status Update: FDEM's Recovery Bureau has created a Compliance Unit that will oversee Subrecipient risk assessments, monitoring, and obtaining and reviewing Single Audit reports. FDEM has implemented Compliance Unit Standard Operating Procedures (SOP) that are awaiting final approval. The SOP outlines that the determined risk level of each Subrecipient will directly correlate with the frequency of monitoring and the amount of program-specific trainings that are required of the Subrecipient. The Bureau has begun the formal risk assessment process for Hurricane Michael. Additionally, the setting within FloridaPA.org that did not notify Subrecipients to complete their quarterly reports has been remedied. The Bureau has proper controls in place to ensure all quarterly reports are obtained going forward.

Executive Office of the Governor
Florida Division of Emergency Management

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