



STATE OF FLORIDA

DIVISION OF EMERGENCY MANAGEMENT

Ron DeSantis
Governor

Jared Moskowitz
Director

September 26, 2019

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

Subject: OIG Annual Report for 2018-2019 Fiscal Year

Dear Director Moskowitz:

I am pleased to present the Office of Inspector General's Annual Report for the 2018-2019 fiscal year. This report was prepared pursuant to Section 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 our efforts to 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

cc: Melinda Miguel, Chief Inspector General

Florida Division of Emergency Management



Office of Inspector General

Annual Report
Fiscal Year 2018-2019



September 26, 2019



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INTRODUCTION

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

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 (Section 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 (Section 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 activities conducted by the FDEM's OIG during the 2018-2019 fiscal year (reporting period).

OIG MISSION

The **mission** of the FDEM OIG is: *“To conduct independent and objective audits, investigations, and reviews that promote economy and efficiency; and to prevent and detect fraud, waste, and abuse within FDEM’s programs and operations.”*

STATUTORY AUTHORITY

The specific duties and responsibilities of the OIG, pursuant to Section 20.055, F.S., include the following:

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



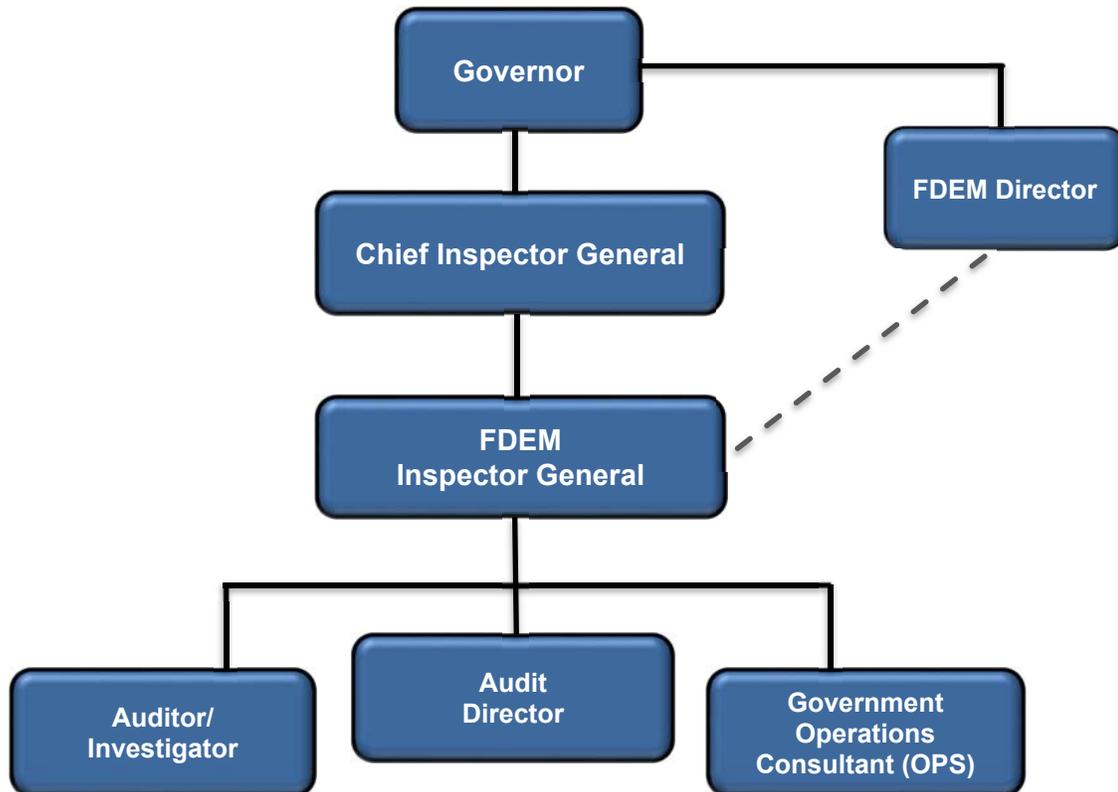
ORGANIZATION

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, 2019, the OIG was comprised of four positions, as follows:

- Inspector General
- Audit Director
- Auditor/Investigator
- Government Operations Consultant (OPS)

ORGANIZATIONAL CHART



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



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PROFESSIONAL STANDARDS

OIG staff members collectively carry out all activities of the OIG, including the 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 following 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 (Sections 112.3187-112.31895, F.S.). In addition to Green Book standards, investigative work is conducted in accordance with accreditation standards set forth by the Florida Commission for Florida Law Enforcement Accreditation (CFA). Additionally, the investigative function carries out accreditation responsibilities in order to maintain the OIG's accreditation status. OIG staff members maintain investigative policies and procedures that meet CFA standards, and prepares documented proofs of compliance necessary for the next reaccreditation assessment.

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 other 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 a number of professional organizations.

PROFESSIONAL TRAINING

Per professional auditing and investigative standards, OIG staff members must complete the following training requirements:

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

PROFESSIONAL CERTIFICATIONS AND LICENSES

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

- Certified Inspector General
- Certified Internal Auditor
- Certified Fraud Examiner
- 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
- The American Bar Association



AUDIT ENGAGEMENTS

Per Section 20.055(6), F.S., each inspector general shall review and evaluate internal controls necessary to ensure the fiscal accountability of the state agency. The inspector general shall conduct financial, compliance, electronic data processing, and performance audits of the agency and prepare audit reports of his or her findings.

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

➤ **Hazard Mitigation Grant Program Audit**
Report No. 18-A001, issued February 2019

The OIG conducted an audit of the Hazard Mitigation Grant Program (HMGP) in accordance with the OIG 2017-2018 Annual Plan. The objective of the audit was to determine FDEM's compliance with federal laws, rules, regulation, and guidance for HMGP as it relates to state hazard mitigation plans, cost-effectiveness analyses, subrecipient monitoring, and quarterly reporting. Based on our review, we identified opportunities to enhance internal controls for HMGP administration. The final report contained the following two findings and two recommendations:

Finding 1: Procedural documents used to administer HMGP have not been formally adopted in accordance with FDEM's Standard Operating System (SOS) procedure number SOP-DOO-001. In addition, some of the documents are outdated.

Recommendation: We recommend the Bureau of Mitigation ensure its procedural documents for HMGP are updated and formally adopted in accordance with FDEM's SOS procedure number SOP-DOO-001.

Finding 2: The Bureau of Mitigation's grant management database, Mit.org, may not be adequate to manage HMGP or the Bureau's other grant programs.

Recommendation: We recommend the Bureau of Mitigation replace Mit.org or obtain technical support to enhance and maintain Mit.org.

➤ **Community Rating System Audit**
Project No. 19-A001 – Project Closed January 2019, with no report issued.

The OIG initiated an audit of the Community Rating System (CRS) initiative based on the OIG 2018-2019 Annual Plan. The purpose of this engagement was to evaluate the initiative's efficiency, effectiveness, and compliance with applicable laws and rules. Based on the results of our preliminary review, and in consultation with FDEM management, it was determined that an audit of the CRS initiative was no longer necessary and the engagement was closed. No report was issued for this engagement.



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➤ **Building Access Cards Audit**

Project No. 19-A002 – In progress

The OIG initiated an audit of FDEM building access cards based on the OIG 2018-2019 Annual and Long Term Plan. The objectives of this audit are to determine whether FDEM building access cards are issued to only authorized persons; and whether FDEM building access cards are timely collected, deactivated, and destroyed upon employee separation. This audit began in the 2018-2019 fiscal year, but was not completed as of June 30, 2019. The results of this audit will be included in the OIG 2019-2020 Annual Report.

SPECIAL PROJECTS AND REVIEWS

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

➤ **2017-2018 Performance Measure Review**

Project No. 19-S001 – Project closed in February 2019, with no report issued.

In accordance with Section 20.055(2), F.S., the OIG reviewed FDEM's Long Range Program Plan (LRPP) performance measures in order to assess the reliability and validity of the information provided by FDEM on performance measures, and make recommendations for improvement, if necessary. Validity and reliability are defined as:

- **Validity** – The appropriateness of the measuring instrument in relation to the purpose for which it is used.
- **Reliability** – The extent to which the measuring procedure yields the same results on repeated trials and data is complete and sufficiently error free for the intended use.

The scope of our review included 6 of FDEM's 24 LRPP performance measures. Based on supporting documentation provided and interviews with appropriate staff, the OIG was unable to determine whether the performance measures were valid or reliable. Specifically, there was not adequate documentation to show that approved methodologies were followed in calculating the results of measures. This was due partly to outdated methodologies contained in the LRPP exhibits and also a lack of internal procedures.

The OIG observations were communicated to management and a recommendation was made to adopt written procedures defining the roles, responsibilities, and methodologies for the annual performance measure reporting process. A similar recommendation was made in OIG Advisory Memorandum Number 17-S004, issued in September 2017.

➤ **Review of EMPA Trust Fund**

Project No. 18-S007 – Project closed January 2019, with no report issued.

At the request of the former FDEM Director, the OIG initiated a review of the Emergency Management, Preparedness, and Assistance (EMPA) Trust Fund. The EMPA is funded by surcharges on certain insurance policies and the money is used to fund emergency



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management activities. The objective of our review was to examine possible reasons that may account for the lack of growth in the EMPA trust fund.

In 2007, the Florida Legislative Committee on Intergovernmental Relations (LCIR) published a report that examined possible reasons for the lack of growth. The report included several recommendations for the Legislature to consider, as “the LCIR was unable to definitively ascertain one or more specific reasons why the trust fund collections have remained flat.” Based on our limited review, it appears the issues cited in the 2007 report may still apply. The OIG briefed FDEM management with a summary of our observations and the project was closed with no report issued.

➤ **FDEM OIG Annual Report for Fiscal Year 2017-2018**
Project No. 19-S002 – Report issued September 2018

In accordance with Section 20.055(8)(a), F.S. the OIG completed the Annual Report for fiscal year 2017-2018. 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.

PRIOR AUDIT FOLLOW-UP

Pursuant to statutory requirements and professional auditing standards², 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

➤ **Six-Month Status Report to OIG Record Retention and Management Audit**
Report No. 18-F003, issued October 2018

The OIG conducted a six-month follow-up to determine the status of corrective actions taken by management in response to OIG Report Number 17-A002, *Records Retention and Management Audit*, issued in December 2017. The final audit report contained three findings with three recommendations. Based on our follow-up review, we determined that management had taken corrective actions to implement the recommendations and all findings were closed.

EXTERNAL AUDIT FOLLOW-UP

➤ **Six-Month Status Report to Auditor General Report 2019-049**
Project No. 19-E002 – Report issued May 2019

The OIG completed a six-month status report regarding the Auditor General’s Information Technology Operational Audit of FDEM, Report No. 2019-049. The Auditor General’s report was issued in November 2018, and contained nine findings with nine recommendations. Our six-month status report contains management’s response to those findings and details actions taken towards implementing the recommendations.

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



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➤ **Six-Month Status Report to Auditor General Report No. 2018-189**
Project No. 19-E001 – Report issued September 2018

The OIG completed a six-month status report regarding the Auditor General's Report No. 2018-189, *State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards For the Fiscal Year Ended June 30, 2017*. The Auditor General's audit report was issued in March 2018. The audit report included one finding with one recommendation for FDEM. Our six-month status report contains management's response to that finding and details actions taken towards implementing the recommendation.

INVESTIGATIONS AND COMPLAINTS

Per Section 20.055(7), F.S., each inspector general shall initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses. 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 Section 112.3187-112.31895, F.S.;
- Receive and consider complaints which do not meet the criteria for an investigation under the Whistle-blower's Act and conduct, supervise, or coordinate such inquiries, investigations, or reviews as the inspector general deems appropriate;
- Report expeditiously to the Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the OIG has reasonable grounds to believe there has been a violation of criminal law; and
- 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.

The OIG may receive complaints or inquiries via telephone, email, letter, in person, referral from an external entity, or any other form of communication. Complaints may also be received by referral from the OIG's office. 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 evaluated 23 communications which were either forwarded to management, referred to the appropriate entity, closed with no further action necessary, or assigned for investigation. The following investigation was completed during the reporting period:

➤ **Case No. 19-I003**
Investigative Report issued May 2019

The OIG conducted an investigation of two FDEM employees regarding allegations related to violations of statutory travel rules and FDEM travel policies.



CFA OIG ACCREDITATION

The Commission for Florida Law Enforcement Accreditation (CFA) establishes standards, oversees an accreditation program, and awards accreditation to Offices of Inspectors General within the State of Florida that attain specific standards for investigations. FDEM's OIG was awarded its initial accredited status in 2017.

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

OIG staff members maintain investigative policies and procedures that meet CFA standards, and prepare documented proofs of compliance necessary for the next reaccreditation assessment, which will take place in 2020.

RISK ASSESSMENT AND ANNUAL WORK PLAN

Florida Statutes and professional auditing standards³, require the Inspector General to develop long-term and annual audit plans based on the findings of periodic risk assessments. The OIG's *Annual Work Plan and Long-Term Audit Plan for Fiscal Year 2019-2020* (plan) was prepared in response to those requirements. The plan is based upon the results of our annual risk assessment and shows the allocation of resources for audits, investigative activities, and other OIG responsibilities to be conducted during the plan 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.

The plan was approved by the FDEM Director and is intended to be a guide to direct the activities of the OIG during the plan year. The plan 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.

³ Section 20.055(6)(i), F.S. and Red Book Standard 2010 (Planning) and Standard 2020 (Communication and Approval).



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SINGLE AUDIT

Section 215.97, F.S., and Title 2 Code of Federal Regulations (CFR) Part 200 require each recipient/subrecipient that expends the threshold amount of \$750,000 or more in federal or state financial assistance during its fiscal year to undergo a single audit. The OIG receives and reviews single audit reports submitted by FDEM's recipients and 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 216 single audit reports.

EXTERNAL COORDINATION

Pursuant to Section 20.055(2)(g), F.S., the OIG is responsible for ensuring effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication. During the reporting year, the OIG participated in coordination of the following audits conducted by the Florida Auditor General:

- *Information Technology Operational Audit, Florida Public Assistance System*
Report No. 2019-049, issued November 2018
- *State of Florida Financial and Federal Single Audit for FY Ended June 30, 2018*
Report No. 2019-186, issued March 2019
- *Operational Audit, Public Assistance Program and Prior Audit Follow-up*
In progress as of June 30, 2019
- *State of Florida Financial and Federal Single Audit for FY Ended June 30, 2019*
In progress as of June 30, 2019

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

- Department of Homeland Security, Office of Inspector General
- Federal Emergency Management Agency
- United States Government Accountability Office
- Florida Division for State Technology (formerly the Agency for State Technology)
- Florida Department of Financial Services
- The Florida Legislature's Office of Program Policy Analysis and Government Accountability

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