

## DIVISION OF EMERGENCY MANAGEMENT

### Contract and Grant Management and Prior Audit Follow-Up



Sherrill F. Norman, CPA  
Auditor General

## **Director of the Division of Emergency Management**

The Division of Emergency Management is established as a separate budget entity within the Executive Office of the Governor by Section 14.2016, Florida Statutes. The head of the Division is the Director, who is appointed by, and serves at the pleasure of, the Governor. Bryan Koon served as Director during the period of our audit.

The team leader was Sabrina Ballew, CPA, and the audit was supervised by David R. Vick, CPA.

Please address inquiries regarding this report to David R. Vick, CPA, Audit Manager, by e-mail at [davidvick@aud.state.fl.us](mailto:davidvick@aud.state.fl.us) or by telephone at (850) 412-2817.

This report and other reports prepared by the Auditor General are available at:

[www.myflorida.com/audgen](http://www.myflorida.com/audgen)

Printed copies of our reports may be requested by contacting us at:

**State of Florida Auditor General**

**Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722**

# DIVISION OF EMERGENCY MANAGEMENT

## Contract and Grant Management and Prior Audit Follow-Up

### **SUMMARY**

---

This operational audit of the Division of Emergency Management (Division) focused on contract and grant management and also included a follow-up on the findings noted in our report No. 2014-086. Our audit disclosed the following:

#### **Contract and Grant Management**

**Finding 1:** The Division did not always timely enter contract information into the Florida Accountability Contract Tracking System as required by State law.

**Finding 2:** In some instances, the Division did not procure contractual services and commodities in accordance with State law and applicable Federal requirements.

**Finding 3:** Division policies, procedures, and processes for ensuring that grant award recipients meet Federal and State matching requirements need improvement.

**Finding 4:** Division grant monitoring activities were not always appropriately documented.

#### **Tangible Personal Property**

**Finding 5:** As similarly noted in our report 2014-086, the Division did not always timely and accurately record purchases of tangible personal property items in Division property records. Additionally, required property item information was not always included in Division property records.

### **BACKGROUND**

---

State law<sup>1</sup> establishes the Division of Emergency Management (Division) within the Executive Office of the Governor as a separate budget entity and specifies that the Division is responsible for all professional, technical, and administrative support functions necessary to carry out the Division's statutory emergency management responsibilities.<sup>2</sup> The Division is responsible for planning for and responding to natural and man-made disasters, as well as for administering related programs through the Bureaus of Preparedness, Response, Recovery, and Mitigation. Division activities include, but are not limited to, preparing and implementing a Statewide Comprehensive Emergency Management Plan; routinely conducting tests of State and local emergency response capabilities; providing technical assistance to local governments; assessing damage following a disaster and advising the Governor on whether to declare an emergency; and maintaining the State's Emergency Operations Center. Division expenditures totaled approximately \$236 million during the 2014-15 fiscal year.

---

<sup>1</sup> Section 14.2016, Florida Statutes.

<sup>2</sup> Chapter 252, Part I, Florida Statutes.

# **FINDINGS AND RECOMMENDATIONS**

---

## **CONTRACT AND GRANT MANAGEMENT**

In carrying out its statutory responsibilities, the Division procures various goods and services. The Office of Policy and Financial Management, Procurement and Contract Management section, was responsible for developing, maintaining, and disseminating uniform Division policies, procedures, and guidelines governing Division procurement activities, and for providing technical assistance, training, and administrative guidance. Each Division bureau was responsible for purchasing in accordance with Federal, State, and local laws; providing accounting and procurement information and records to the Office of Policy and Financial Management; assigning contract managers; and assisting in developing scopes of work.

### **Finding 1: Contract Information Reporting**

Pursuant to State law,<sup>3</sup> the Department of Financial Services (DFS) established the Florida Accountability Contract Tracking System (FACTS), an online tool that provides users and the public with access to State contract and grant financial information. State law required that, within specified time frames, State agencies were to post to FACTS for each contract<sup>4</sup> executed:

- The names of the contracting entities and the procurement method.
- The contract beginning and ending dates and the nature or type of the commodities or services purchased.
- Applicable contract unit prices and deliverables and the total compensation to be paid or received under the contract.
- All payments made to the contractor to date and applicable contract performance measures.
- If a competitive solicitation was not used to procure the goods or services, the justification of such action, including citation to a statutory exemption or exception from competitive solicitation, if any.
- Electronic copies of the contract and procurement documents redacted to exclude confidential or exempt information.

For all contracts executed before July 1, 2013, and for which payment from State funds was subsequently made, State agencies were to post the required contract information to FACTS by January 1, 2014. For all contracts executed on or after July 1, 2013, State agencies are to post the required information to FACTS within 30 calendar days of execution.

The Division utilized FACTS to account for all contracts, purchase requisitions, and grant agreements (contracts). During the period July 2013 through April 2014, Procurement and Contract Management section staff entered information for existing Division contracts into FACTS. In April 2014, the Division established written guidelines instructing program staff to enter new contract information on a

---

<sup>3</sup> Section 215.985(14), Florida Statutes.

<sup>4</sup> Section 215.985(1)(b), Florida Statutes, defines a contract to include a written agreement or purchase order for the purchase of goods or services or a written agreement for the receipt of State or Federal financial assistance.

standardized spreadsheet and weekly, submit the spreadsheet to the Procurement and Contract Management section for entry into FACTS.

Our analysis of FACTS data for the 3,033 Division contracts entered into FACTS during the period July 2013 through January 2015 disclosed that the Division did not always ensure that contract information was timely entered into FACTS in accordance with State law. Specifically, we noted that:

- For 1,604 of the 2,226 contracts executed prior to July 1, 2013, Division staff did not enter the required information into FACTS by January 1, 2014. For these 1,604 contracts, the contract information was entered from 51 to 392 days (an average of 153 days) after the information was due.
- For 520 of the 807 contracts executed on or after July 1, 2013, Division staff did not enter the required information into FACTS within 30 days of the contracts' execution dates. For these 520 contracts, the contract information was entered from 4 to 406 days (an average of 126 days) after the information was due.

In response to our audit inquiry, Division management indicated that delays in entering contract information into FACTS were due to staff turnover.

Timely entering contract information into FACTS enhances transparency, strengthens accountability, and ensures compliance with State law.

**Recommendation:** We recommend that Division management enhance procedures to ensure that contract information is timely entered into FACTS as required by State law.

## Finding 2: Procurement

State law<sup>5</sup> establishes that fair and open competition is a basic tenet of public procurement and that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically. State law further specifies that State agencies are to maintain detailed justification to support commodity and contractual service procurement decisions.

When procuring commodities or contractual services in excess of \$35,000, State agencies are to use the competitive solicitation processes authorized by State law.<sup>6</sup> However, State law<sup>7</sup> also provides certain exemptions to the competitive procurement requirements. Among these exemptions, State law permits State agencies to procure artistic services<sup>8</sup> through non-competitive means. State law<sup>9</sup> also specifies that, where applicable, State agency contractual service contracts in excess of \$35,000 incorporate certain provisions, including provisions that divide the contract into quantifiable, measurable, and verifiable units of deliverables that must be received and accepted in writing by the contract manager before payment.

<sup>5</sup> Section 287.001, Florida Statutes.

<sup>6</sup> Section 287.057(1), Florida Statutes.

<sup>7</sup> Section 287.057(3), Florida Statutes.

<sup>8</sup> Section 287.012(3), Florida Statutes, defines artistic services as the rendering by a contractor of its time and effort to create or perform an artistic work in the fields of music, dance, drama, folk art, creative writing, painting, sculpture, photography, graphic arts, craft arts, industrial design, costume design, fashion design, motion pictures, television, radio, or tape and sound recording. Section 287.057(3)(e)1., Florida Statutes, further specifies that artistic services does not include advertising or typesetting.

<sup>9</sup> Section 287.058(1)(e), Florida Statutes.

As part of our audit, we examined Division records related to 20 contracts (purchase requisitions), totaling \$1,993,095, and 60 contract and grant payments, totaling \$8,869,358, made during the period July 2013 through February 2015. We noted that the Division applied the artistic services exemption for 4 of the 20 purchase requisitions and, based on our review of 3 of those requisitions (to the same vendor) and related payment documentation, we expanded our audit procedures to include an examination of 11 purchase requisitions totaling \$310,385 related to the applicable vendor.

Each of the 11 requisitions related to the Emergency Management Performance Grants (EMPG) Program,<sup>10</sup> a program that supports a comprehensive, all-hazards emergency preparedness system and is funded by the United States Department of Homeland Security. The Division administered the State's EMPG Program, and pursuant to Program requirements, prepared an annual Work Plan that outlined the State's emergency management sustainment and enhancement efforts, including new and ongoing projects. The Federal Emergency Management Agency (FEMA) was to approve the Division's final Work Plan and EMPG Program grantees, such as the Division, were only permitted to fund approved Work Plan activities and projects. Pursuant to the Division's EMPG Work Plan, the Kids Get a Plan (KGAP) campaign was funded by EMPG Program funds. The KGAP was a Division-administered emergency preparedness program for school age children ages 5 to 12 years, which included a Web site, series of books, and mobile applications.

Our examination of the 11 purchase requisitions disclosed that:

- For 3 purchase requisitions totaling \$188,535, the Division applied the artistic services exemption when all or portions of the deliverables did not appear to satisfy the requirements for and intent of the artistic services exemption from statutory competitive procurement requirements. Specifically, we noted that:
  - A \$96,650 purchase requisition for the development of a KGAP children's book included four deliverables: the development of the story (\$42,000); the layout of the text and artwork for the book (\$21,600); the addition of the story to the KGAP Web site (\$22,100); and the creation and upload of a mobile application (\$10,950). While the story development deliverable appeared to satisfy the statutory requirements for the artistic exemption, the other deliverables did not appear to qualify for the exemption.
  - A \$35,965 purchase requisition for the layout and printed copies of Spanish translations of four KGAP children's books did not appear to satisfy the statutory requirements for an artistic services exemption to competitive procurement requirements.
  - A \$55,920 purchase requisition for a portable KGAP exhibit to be used at public education outreach events included three deliverables: hardware (\$36,748), design (\$2,725), and delivery (\$16,447). While the design of the exhibit appeared to satisfy the statutory requirements for the artistic services exemption, the hardware and delivery deliverables did not appear to qualify for the exemption.
- 2 of the 11 purchase requisitions did not appear to be in accordance with the activities and projects included in FEMA-approved EMPG Program Work Plans. Specifically, a \$33,875 purchase requisition for a creative story conference, StoryJam™, and a workbook that captured information developed during the conference, was executed using 2011 EMPG Program funds, although this activity and project was not specifically included in an approved Work Plan. In response to our audit inquiry, Division management indicated that the conference was held as the first step toward branding the Division's name and differentiating between the Division, FEMA, and the State

---

<sup>10</sup> Catalog of Federal Domestic Assistance No. 97.042.

Emergency Response Team. For the other purchase requisition, totaling \$12,300, in support of the Division's public education campaign on emergency preparedness issues, the Division procured five character actor performances for April and May 2014 appearances at a county fair and hurricane conference. The costs related to these appearances were paid from 2012 EMPG Program funds, although this activity was not specifically included in an approved Work Plan.

- The deliverables for 2 of the 11 purchase requisitions were not well-defined. Specifically, the Division procured ten character actor appearances for \$23,300 through 2 purchase requisitions issued in February and March 2014. Until March 2015, the Division had not established a written set of rates for the actor nor the actor's producer when the producer served as an assistant to the actor. Subsequent to our audit inquiry, Division management obtained a listing of the actor's rates, effective March 31, 2015, that were to be applied to future requisitions. However, the rates were not specific to the form and duration of the actor's various performances, did not sufficiently address travel costs, or the support component when the producer assisted the actor.
- For an additional \$3,030 purchase requisition for a KGAP campaign character actor appearance at the Public-Private Partnership Summit held in December 2014, the appearance costs were paid from 2012 EMPG Program funds, although the activity was not specifically included in an approved Work Plan.

As State law provides certain exemptions to competitive procurement requirements which, when used, increase the risk that contracts may not be awarded equitably and economically, it is important that decisions to noncompetitively procure commodities and contractual services are clearly documented and demonstrate compliance with State law. Additionally, by documenting that all purchases are in accordance with applicable Federal requirements and related contracts include well-defined deliverables, the Division can better demonstrate compliance with Federal grant conditions and ensure that the interests of the State are protected.

**Recommendation: We recommend that Division management take steps to ensure that commodities and contractual services are procured in accordance with State law and applicable Federal requirements. In addition, Division management should ensure that decisions to noncompetitively procure commodities and contractual services are clearly documented and demonstrate compliance with State law. We also recommend that Division management ensure that all contracts include quantifiable, measurable, and verifiable deliverables in accordance with State law.**

### **Finding 3: Grant Matching Requirements**

As a recipient of EMPG Program funds from the United States Department of Homeland Security, the Division was required to provide non-Federal (State, local, or third-party) contributions matching 100 percent of the Federal funding provided. In addition, the Division was to quarterly report to FEMA the matching amounts provided by the State.

The Division's Procurement and Contract Management section was responsible for administering the EMPG grants as well as various State grants, including Emergency Management Preparedness and Assistance (EMPA) grants<sup>11</sup> which included matching requirements for grantees as a condition of receiving State funds. These State funds were appropriated to support emergency management activities through EMPA grants and, according to Division management, most counties that received State EMPA funds used the funds to match Federal EMPG Program funds received from the Division.

<sup>11</sup> Catalog of State Financial Assistance No. 31.063.

Counties that received State EMPA funds were to provide local funds equal to the average county general revenue funding for the County Emergency Management Agency during the prior 3 fiscal years or the level of funding for the County Emergency Management Agency for the most-recent fiscal year, whichever was lower.<sup>12</sup>

As part of our audit, we examined Division processes for administering grant matching requirements, including applicable forms, monitoring tools, and other documentation. Our examination of Division records for 12 grant agreements, totaling \$2,420,022, closed during the period July 2013 through February 2015 and other Division records disclosed that improvements in Division processes were needed to better ensure that grant matching requirements were appropriately met. Specifically, we noted that:

- The Procurement and Grant Management section had not established policies and procedures for monitoring EMPG and EMPA grant matching requirements.
- The Procurement and Grant Management section close-out form to be completed by counties within 45 days of the close of their grant period did not address EMPG and EMPA grant matching requirements.
- For 8 grant agreements (4 EMPG grants and 4 EMPA grants), totaling \$1,169,896, the Division was unable to provide documentation demonstrating that the Division had analyzed grantee compliance with Federal and State matching requirements prior to closing the agreements. For one of these grant agreements, totaling \$105,806, Division procedures were also not sufficient to ensure that the applicable county budgeted or expended the local general revenue needed to meet the EMPA grant matching requirement. In response to our audit inquiry, Division management indicated that the county was small and fiscally constrained and that in prior years the Division had not ensured that the county identified sufficient local funding as specified by Division rules.

For 7 additional grant agreements (6 EMPG and one EMPA), totaling \$946,275, sufficient monitoring documentation was not available to demonstrate that the matching requirement had been adequately monitored and met. In addition, for 1 of the 7 grant agreements, the monitoring tool included, without explanations, both “yes” and “no” answers to whether the grant matching requirement had been met, and for another grant, no answer had been recorded on the applicable monitoring tool.

Absent adequate policies, procedures, and processes, the risk is increased that grantee noncompliance with applicable Federal and State grant matching requirements will not be detected by the Division. As a result, grantees may retain grant funding to which they are not entitled.

**Recommendation:** To demonstrate Division monitoring efforts to verify and promote grantee compliance with Federal and State grant matching requirements, we recommend that Division management enhance applicable forms to address matching requirements and establish policies and procedures for timely analyzing and appropriately monitoring grantee compliance with matching requirements.

---

<sup>12</sup> Executive Office of the Governor, Division of Emergency Management Rule 27P-19.011, Florida Administrative Code.

#### Finding 4: Grant Agreement Monitoring

Effective grant monitoring evaluates grantee compliance with grant agreement provisions and provides a means for early detection of potential performance problems. To demonstrate effective grant monitoring, monitoring activities should be documented in Division records. The DFS *State of Florida Contract and Grant User Guide* provides State agencies with grant monitoring guidance and states that monitoring activities should be supported by documentation that identifies the process used for monitoring, the specific items selected for review, a description of the evidence reviewed, and the conclusions reached.

During the period July 2013 through February 2015, the Division conducted 265 monitoring activities consisting of quarterly report reviews, desk reviews, and on-site monitoring visits for 44 selected Federal and State program grant agreements totaling approximately \$58,649,487. To determine whether the Division conducted effective grant agreement monitoring, we examined Division records for monitoring activities (including 14 on-site visits) conducted during the period July 2013 through February 2015 related to 25 grant agreements totaling \$9,166,576. Our examination found that, for 2 of the 14 on-site monitoring visits, Division staff were unable to locate records evidencing that the on-site monitoring visits had been conducted. In response to our audit inquiry, Division management indicated that a former employee had conducted the monitoring and the monitoring records could not be located.

Maintaining documentation of all grant monitoring activities would better demonstrate that the Division adequately evaluated grantee performance and compliance with grant agreement provisions.

**Recommendation:** We recommend that Division management ensure that grant monitoring activities are appropriately documented in accordance with DFS guidance.

#### TANGIBLE PERSONAL PROPERTY

DFS rules<sup>13</sup> require State agencies to maintain records of all State-owned tangible personal property in their custody with a value or cost of \$1,000 or more and a projected useful life of one year or more. Among other things, each property record is to include the item's physical location, name of the custodian with assigned responsibility, class code, name, make or manufacturer, if applicable, serial number, acquisition date and cost, method of acquisition, the Statewide document number of the purchase transaction from the Florida Accounting Information Resource Subsystem (FLAIR), and condition as of the last physical inventory date. In addition, DFS rules<sup>14</sup> specify that the acquisition cost of property is to include any ancillary charges necessary to place the property item into service, such as transportation charges and site preparation costs. The Division utilized the FLAIR Property Subsystem to account for the Division's tangible personal property. According to Division FLAIR Property Subsystem records, as of February 27, 2015, the Division was responsible for tangible personal property totaling approximately \$12.8 million.

<sup>13</sup> DFS Rules 69I-72.002 and 69I-72.003, Florida Administrative Code.

<sup>14</sup> DFS Rule 69I-72.003(3)(k), Florida Administrative Code.

## Finding 5: Tangible Personal Property Records

DFS rules<sup>15</sup> provide that State agencies are responsible for correctly reporting tangible personal property. According to Division records, the Division purchased 415 tangible personal property items, with acquisition costs totaling \$1,642,715, during the period July 2013 through February 2015.

As part of our audit, we examined Division purchasing records for 100 tangible personal property items, with recorded acquisition costs totaling \$268,585, acquired during the period July 2013 through November 2014 to determine whether Division property records had been timely and accurately updated. As similarly noted in prior reports, most recently in our report No. 2014-086 (finding No. 4), our audit procedures disclosed that purchases of tangible personal property were not always timely or accurately entered into Division property records. Specifically, we found that:

- Division staff had not timely added 5 of the 100 tangible personal property items, with acquisition costs totaling \$173,788, to the property records. The number of days that elapsed from the items' receipt dates to the dates the items were added to Division property records ranged from 36 to 219 (an average of 87 days). In response to our audit inquiry, Division management indicated that the delays in adding the items to the property records were due to delays in receiving invoices and the conduct of the annual inventory.
- Division staff had not included installation and delivery costs when recording acquisition costs for 7 of the 100 tangible personal property items. For one property item, a satellite package, the recorded acquisition cost of \$5,495 did not include installation costs totaling \$1,680. In addition, for six portable display boards, the total recorded acquisition costs of \$39,473 did not include delivery costs totaling \$16,447. Subsequent to our audit inquiry, Division management updated the property records for the six portable display boards to include the delivery costs.

Our audit procedures also included an analysis of Division property records to determine whether the Division had entered the identifying information required by DFS rules for the 415 property items acquired during the period July 2013 through February 2015. As shown in Table 1, our analysis disclosed that Division staff did not always record required identifying information in the property records. In response to our audit inquiry, Division management indicated that the missing information was due to staff turnover and increased staff workload during an emergency activation period in May 2014.

**Table 1**  
**Missing Property Record Information**

Information	Number of Items <sup>a</sup>	Acquisition Cost
Location, Custodian, Class Code, Acquisition Method, and Condition	84	\$266,785
Manufacturer	105	627,797
Statewide Document Number	22	73,433
Serial Number	92	577,205

<sup>a</sup> We noted some property items with more than one identifying information element missing.

Source: Division property records.

<sup>15</sup> DFS Rules 69I-72.002 and 69I-72.003, Florida Administrative Code.

As similarly noted in our report No. 2014-086 (finding No. 4), the Division had not established sufficient controls to ensure that all tangible personal property acquisitions were timely, accurately, and completely recorded in Division property records. As a result, Division management has reduced assurance regarding the accuracy and completeness of the information needed to maintain accountability for Division tangible personal property and cannot demonstrate compliance with applicable DFS rules.

**Recommendation:** We again recommend that Division management enhance tangible personal property controls to ensure that Division property records are timely updated to accurately and completely reflect Division property acquisitions in accordance with DFS rules.

## ***PRIOR AUDIT FOLLOW-UP***

---

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the findings included in our report No. 2014-086.

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

---

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from January 2015 through August 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on the Division of Emergency Management's (Division's) contract and grant management. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all deficiencies noted in our report No. 2014-086.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies,

procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit we:

- Obtained an understanding of Division controls, including policies and procedures, related to contract and grant management and determined through examination of selected records whether the controls were adequately designed and effectively implemented to reasonably ensure compliance with significant governing laws, rules, and other guidelines.
- Analyzed Florida Accountability Contract Tracking System (FACTS) data for the 3,033 Division contracts and grants entered into FACTS during the period July 2013 through January 2015 (2,226 contracts and grants executed before July 1, 2013, and 807 contracts and grants executed on or after July 1, 2013), to determine whether the Division timely and accurately entered required information in FACTS in accordance with State law.
- Analyzed FLAIR records for 4,068 contract and grant payments, totaling approximately \$256 million, made by the Division during the period July 2013 through November 2014, to determine whether the Division timely and accurately entered contract information in FLAIR in accordance with Department of Financial Services (DFS) and Division requirements.
- From the population of 193 purchase requisitions related to selected grants, totaling \$18,732,642 and executed by the Division during the period July 2013 through February 2015, examined documentation related to 20 purchase requisitions, totaling \$1,993,095, to determine whether the purchase requisitions were made in accordance with applicable laws, rules, and regulations; whether purchase requisition awarding processes were appropriate; and whether the purchase requisitions were not awarded to a related party. Also, we expanded our audit procedures to include an examination of 11 purchase requisitions totaling \$310,385 related to one vendor.
- From the population of 666 selected grant agreements, totaling \$97,715,387, active during the period July 2013 through February 2015, examined documentation related to 40 grant

agreements, totaling \$46,899,535, to determine whether the Division efficiently and effectively administered the grant agreements in accordance with applicable laws, rules, and other guidelines, and maintained grant files that included all grant documents, amendments, and evidence of monitoring and acceptance of deliverables.

- Analyzed Division records for 4 of the Division's 15 contract managers employed during the period July 2013 through February 2015 to determine if the number of contracts assigned to each contract manager was reasonable, the contract managers had adequate levels of experience, and met the training requirements specified by Section 287.057(14), Florida Statutes.
- From the population of 546 grant agreements, totaling \$44,238,866, entered into during the period July 2013 through February 2015, examined documentation for 40 grants, totaling \$7,706,211, to determine whether the grant agreements clearly established the tasks to be performed by the recipient; contained quantifiable, measurable, and verifiable units of deliverables that were to be received and accepted before payment was made; specified the financial consequences that the Division was to apply if the recipient failed to perform in accordance with the agreement; contained a provision specifying that a recipient or subrecipient of Federal or State financial assistance may expend funds only for allowable costs resulting from obligations incurred during the specified agreement period; and designated an employee to function as a grant manager responsible for enforcing performance of the agreement's terms and conditions and serve as a liaison with the recipient or subrecipient.
- From the population of 3,910 contract and grant payments, totaling \$71,472,640, related to selected Federal programs and made during the period July 2013 through February 2015, examined documentation for 60 contract and grant payments, totaling \$8,869,358, to determine whether the payments were properly authorized and paid; correctly recorded in the accounting records; and supported by sufficient documentation.
- From the population of 265 monitoring activities, consisting of quarterly report reviews, desk reviews, and on-site visits, performed by Division staff during the period July 2013 through February 2015, evaluated Division records for 25 monitoring activities to determine whether Division monitoring activities were sufficiently documented.
- From the population of 134 grant agreements entered into on or after July 1, 2013, and closed during the period July 1, 2013, through February 28, 2015, examined Division records for 5 grant agreements to determine whether the Division performed a reconciliation of all funds paid to the grantees to amounts expended by the grantee during the grant period and appropriately investigated any differences.
- Evaluated Division actions taken to correct the findings noted in our report No. 2014-086. Specifically, we:
  - Inquired of Division management to determine whether the Division had established policies and procedures for the management of the disaster supplies and equipment inventory warehoused at the State Logistics Response Center.
  - Examined Division records for the period July 2013 through February 2015 to determine whether inventory records were properly updated to reflect the results of physical inventory counts and dispositions.
  - From the population of eight dispositions of disaster supply items during the period July 2013 through February 2015, examined documentation for four dispositions to determine whether the Division maintained appropriate documentation to evidence management review and approval of the dispositions.
  - Examined the Division's inventory listings of generators owned by State and local governments to determine whether the listings were maintained in accordance with Section 252.35(2)(s) and (t), Florida Statutes.

- Inquired of Division management as to the status of collecting memoranda of understanding regarding the transfer of custody of equipment purchased with Federal funds in accordance with Title 44, Section 13.36(b), Code of Federal Regulations, and inspected a sample of memoranda to verify whether the custody transfers were made in accordance with Federal regulations.
- From the population of 415 tangible personal property items acquired during the period July 2013 through February 2015 and totaling \$1,642,715, examined Division purchasing records for 100 items, with acquisition costs totaling \$268,585, to determine whether the items were timely and accurately recorded in Division property records.
- Analyzed Division property records to determine whether the Division, for the 415 property items acquired during the period July 2013 through February 2015, had entered the identifying information required by DFS rules.
- Observed, documented, and evaluated the effectiveness of selected Division processes and procedures for:
  - Budgetary controls and the administration of the Florida Single Audit Act.
  - The administration of purchasing cards in accordance with applicable guidelines. As of January 2015, the Division had 304 active purchasing cards.
  - The assignment and use of motor vehicles. Division motor vehicle acquisition costs totaled \$69,157 during the period July 2013 through November 2014.
  - The acquisition, assignment, and use of wireless devices with related costs totaling \$72,755 for the period July 2013 through November 2014.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## **AUTHORITY**

---

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

---



## STATE OF FLORIDA DIVISION OF EMERGENCY MANAGEMENT

RICK SCOTT  
Governor

BRYAN W. KOON  
Director

April 18, 2016

Sherrill F. Norman, CPA  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

This letter is to provide the Division's responses to the preliminary and tentative findings dated March 24, 2016, regarding the Division of Emergency Management, Disaster Grant and Contract Management and Prior Audit Follow-up, Operational Audit.

### Contract and Grant Management

**Finding No. 1:** The Division did not always timely enter contract information into the Florida Accountability Contract Tracking System as required by State law.

**Response:** The Division concurs. The Division of Emergency Management (DEM) has incorporated a check and balance into the division's FACTS monitoring process using existing contract/agreement logs and funding agreement reports to ensure that all agreements are entered into the system to comply with State law. We estimate that this corrective action will be completed by June 30, 2016.

**Finding No. 2:** In some instances, the Division did not procure contractual services and commodities in accordance with State law and applicable Federal requirements.

**Response:** The Division concurs that it should have used the competitive solicitation process for the Spanish translation of the Kids Get a Plan (KGAP) books, the StoryJam product and the standard rate for actor services. The Division is updating its purchasing policy to incorporate criteria for exempting purchases from the competitive solicitation process and provide training to staff. We estimate that this corrective action will be completed by June 30, 2016.

However, the Division does not fully concur with the findings that the artistic exemption should not have been used for the production of the 4<sup>th</sup> KGAP book or the KGAP exhibit and that the appearances of Professor Tinkermeister was not specifically addressed in our FEMA grant workplan. When DEM develops these KGAP books, the

---

DIVISION HEADQUARTERS •  
2555 Shumard Oak Blvd  
Tallahassee, FL 32399-2100

Tel: 850-413-9969 • Fax: 850-488-1016  
[www.FloridaDisaster.org](http://www.FloridaDisaster.org)

• STATE LOGISTICS RESPONSE CENTER  
2702 Directors Row  
Orlando, FL 32809-5631

process of developing the story, the compiling the story and artwork into not only a hard bound book but also designing the book for website use and also mobile application use fall into the artistic exemption. The KGAP exhibit "delivery" was not a shipping cost but the vendor's vernacular regarding the final configuration of the exhibit to the customer. In regard to Professor Tinkermeister, the Division does not specifically detail all the events that he will be part of in our grant workplan as the outreach events are not known at the time the grant workplan is submitted to FEMA. While the Division does not concur with the findings, DEM will provide more clear terminology in procurement documents that ensure compliance with the artistic exemption and our FEMA grant workplan.

**Finding No. 3:** Division policies, procedures, and processes for ensuring that grant award recipients meet Federal and State matching requirements need improvement.

**Response:** The Division concurs. The Division is updating its closeout forms to include the matching/maintenance of effort information. The Division is also developing a policy regarding county emergency management base grants that will include match/maintenance of effort requirements, documentation and monitoring to ensure compliance with state/federal rules and regulations for the funding. We estimate that this corrective action will be completed by June 30, 2016.

**Finding No. 4:** Division grant monitoring activities were not always appropriately documented.

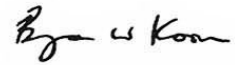
**Response:** The Division concurs. The Division will strengthen monitoring policies and procedures to address the issuance of final monitoring reports and follow-up procedures. We will maintain monitoring reports documenting the results of all onsite/desk-top monitoring visits in our sub-recipient files. We estimate that this corrective action will be completed by July 30, 2016.

#### **Tangible Personal Property**

**Finding No. 5:** As similarly noted in our report 2014-086, the Division did not always timely and accurately record purchases of tangible personal property items in Division property records. Additionally, required property item information was not always included in Division property records.

**Response:** While DEM concurs with the finding, the circumstances that contributed to this finding were staff availability and turnover. However, DEM is updating its monitoring procedures to ensure property items are added timely with all required information. Estimate that this corrective action will be completed by June 30, 2016.

Sincerely,

A handwritten signature in black ink that reads "Bryan W. Koon". The signature is written in a cursive style with a large initial 'B' and a distinct 'W'.

Bryan W. Koon, Director  
Division of Emergency Management

BK/rha

cc: Ronnie Atkins, Deputy Inspector General, Division of Emergency Management  
Melinda Miguel, Inspector General, Executive Office of the Governor