

Report No. 2020-016
August 2019

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

DIVISION OF EMERGENCY MANAGEMENT

Public Assistance Program
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. During the period of our audit, the following individuals served as Division Director:

Jared Moskowitz	From January 15, 2019
Wesley Maul	October 1, 2017, through January 8, 2019
Bryan Koon	Through October 26, 2017

The team leader was David Welling, CPA, and the audit was supervised by Samantha Perry, CPA.

Please address inquiries regarding this report to Karen Van Amburg, CPA, Audit Manager, by e-mail at karevanamburg@aud.state.fl.us or by telephone at (850) 412-2766.

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

FLAuditor.gov

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

Public Assistance Program and Prior Audit Follow-Up

SUMMARY

This operational audit of the Division of Emergency Management (Division) focused on the Public Assistance Program and included a follow-up on the findings noted in our report No. 2016-188. Our audit disclosed the following:¹

Public Assistance Program

Finding 1: The Division had not established a time frame for notifying subgrantees of Federal Emergency Management Agency approval of subgrantee Project Worksheets and some subgrantees were notified 40 or more days after such approval. In addition, the Division did not always advance subgrantee projects through FloridaPA.org in accordance with established workflow requirements.

Finding 2: Division controls for subgrantee quarterly reporting need enhancement.

Contract and Grant Management

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

Finding 4: As similarly noted in our report No. 2016-188, the Division did not always timely post contract information to the Florida Accountability Contract Tracking System as required by State law and some contract information posted was not valid.

BACKGROUND

State law² 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.³ For the 2017-18 fiscal year, the Legislature appropriated approximately \$392.3 million to the Division and authorized 154 positions.⁴

FINDINGS AND RECOMMENDATIONS

PUBLIC ASSISTANCE PROGRAM

Among other emergency management responsibilities, the Division administers the Federally funded Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program of the Federal

¹ Additional findings related to the Public Assistance Program that were reported as part of our Single Audit of the State of Florida for the fiscal year ended June 30, 2018, are summarized in the **RELATED INFORMATION** section of this report.

² Section 14.2016, Florida Statutes.

³ Chapter 252, Part I, Florida Statutes.

⁴ Chapter 2017-70, Laws of Florida.

Emergency Management Agency (FEMA).⁵ Through the Public Assistance (PA) Program, FEMA provides grant funding for emergency protective measures, debris removal, and permanent restoration of damaged facilities, including hazard mitigation to protect facilities from future damage. Federal regulations⁶ require the Division, as the grantee, to: provide technical advice and assistance to eligible subgrantees; support damage survey activities; ensure that all potential applicants are aware of available assistance; and submit necessary grant award documentation to FEMA. Federal regulations⁷ also require that, before FEMA provides funding for a PA Program project, the Division have a FEMA-approved Administrative Plan describing how the Division intends to administer the PA Program. Division PA Program expenditures totaled approximately \$391 million for the 2017-18 fiscal year.

Following a Presidential declaration of a major disaster or emergency, FEMA and the State execute a FEMA-State Agreement outlining the understandings, commitments, and conditions for Federal assistance. To apply for PA Program funding, prospective applicants complete a Request for Public Assistance form through the State’s Web-based public assistance portal, FloridaPA.org. The Division submits completed forms to FEMA for eligibility determination.

After FEMA determines that an applicant is eligible to receive PA Program funds, the Division enters into a Funding Agreement with the subgrantee specifying all PA Program administrative responsibilities and requirements. FEMA and the Division work with subgrantees to develop specific projects addressing the disaster-related damage and to prepare a Project Worksheet for each project. Project Worksheets are to document the details of each project, including a detailed description of the damage and the scope and cost of the work, and constitute the official record of the approved scope of work. Each project is categorized as either large or small by comparing the final approved amount of eligible costs in the Project Worksheet to the dollar thresholds established by FEMA. Table 1 summarizes the minimum dollar thresholds for small and large projects open during the 2016, 2017, and 2018 Federal fiscal years.⁸

**Table 1
PA Program Project Thresholds
by Fiscal Year**

Fiscal Year	Small Project Minimum	Large Project Minimum
2016	\$3,050	\$121,800
2017	3,100	123,100
2018	3,140	125,500

Source: FEMA Web site.

To claim reimbursement for large project expenses, subgrantees are to submit through FloridaPA.org a Request for Reimbursement and supporting documentation for each expense item. All expenses claimed for reimbursement must be included in the scope of work section of the Project Worksheet. Each quarter, subgrantees are to submit through FloridaPA.org status reports for large projects that include data for

⁵ Catalog of Federal Domestic Assistance No. 97.036.

⁶ Title 44, Sections 206.200 through 206.339, Code of Federal Regulations.

⁷ Title 44, Section 206.207(b), Code of Federal Regulations.

⁸ The Federal fiscal year begins October 1 and ends September 30.

each uncompleted project, such as the percentage completed, amount expended to date, anticipated final amount, and anticipated completion date. The Division utilizes the subgrantee reports as the basis to submit a quarterly status report to FEMA for all large projects.

The last phase of the large project life cycle is project reconciliation and closeout. To close out a large project, subgrantees submit a request through FloridaPA.org certifying that the project is complete, provide the date of project completion, and include copies of any approved time extensions. Upon receipt of the request, the Division is required to certify that all incurred costs are associated with the approved scope of work and that the subgrantee completed all work in accordance with FEMA regulations and policies. Table 2 summarizes the closeout time frames for the 412 large projects, totaling \$303,200,334, closed during the period July 2016 through January 2018.

Table 2
PA Program Project Days to Closeout
For the Large Projects Closed
July 2016 Through January 2018

	Days to Close From Project Obligation ^a	Days to Close From Project Completion ^b	Days to Close After Project Deadline ^c
Minimum	427	66	-197 ^d
Maximum	4,557	4,663	4,148
Average	2,662	2,076	1,834

^a The project obligation date is the date FEMA approves funding for a project.

^b The project completion date is the date a subgrantee certifies that all work on a project is completed.

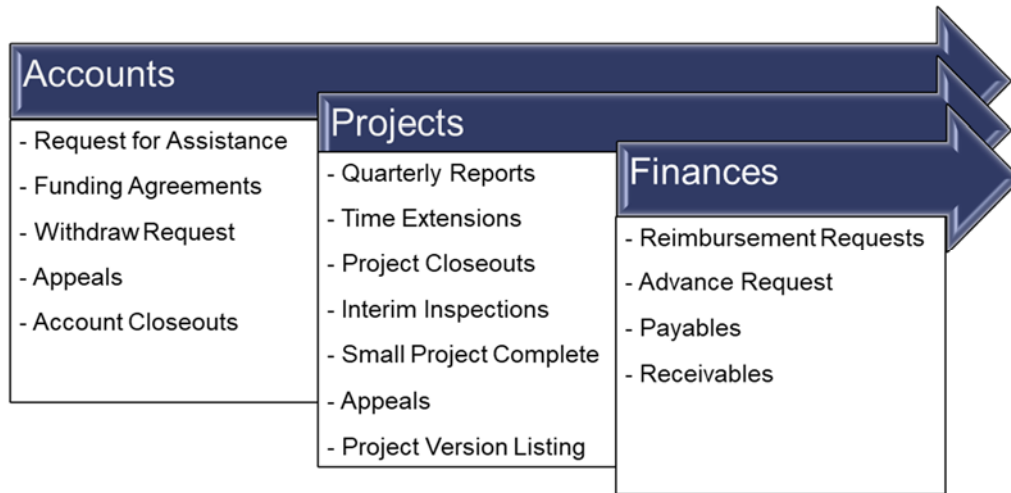
^c The project deadline is the date that work on a project is to be completed.

^d Two projects were closed 169 and 197 days, respectively, before the project deadlines. The remaining projects were closed 44 to 4,148 days (an average of 1,849 days) after the project deadlines.

Source: FloridaPA.org records.

The Division utilized three queues (Accounts, Projects, and Finances) within FloridaPA.org to track and manage project tasks. As shown in Chart 1, each queue included various workflows with sequential steps that Division staff were to complete to move a project through the workflows.

**Chart 1
FloridaPA.org Queues and Workflows**



Source: Division PA Grant Management Plan.

Finding 1: PA Program Awards

Federal regulations⁹ require the Division to notify a subgrantee when FEMA approves the subgrantee’s Project Worksheet. Additionally, the Division’s FEMA-approved Administrative Plan¹⁰ specified that a Funding Agreement must be executed by the Division and the subgrantee before the subgrantee could be provided PA Program funds obligated and approved by FEMA. The Division utilized the Funding Agreements workflow within FloridaPA.org to track the creation and execution of subgrantee Funding Agreements. Division policies and procedures required staff to obtain the signatures of the authorized representatives of the State (Division management) and the subgrantee before advancing a project to the *Fully Executed* workflow step. Upon completion of the remaining Funding Agreements workflow steps, the subgrantee was eligible for payment.

As part of our audit, we examined Division records and FloridaPA.org data related to 40 large PA Program project awards, totaling \$188,261,818, obligated by FEMA during the period July 2016 through January 2018 to determine whether the Division awarded the projects in accordance with Federal regulations and Division policies and procedures and properly recorded award information in FloridaPA.org. Our examination disclosed that:

- The Division notified the 40 project subgrantees of FEMA approval of their Project Worksheets 2 to 132 days (an average of 39 days) after FEMA approval, and 15 of the 40 project subgrantees were notified more than 40 days after FEMA approval. Although Federal regulations and Division policies and procedures did not specify a time frame for notifying subgrantees of Project Worksheet approval, prompt notification allows subgrantees to timely submit requests for Federal funding reimbursement.
- The Division advanced 3 projects to the *Fully Executed* workflow step within the Funding Agreements workflow prior to the projects’ Funding Agreements being signed by Division management. For 1 of these projects, the Division also completed the Funding Agreements

⁹ Title 44, Section 206.200(b)(2)(i), Code of Federal Regulations.

¹⁰ *Public Assistance Administrative Plan*, dated September 12, 2017.

workflow prior to obtaining Division management approval. According to Division management, the projects may have been advanced without the required signatures due to employee error. Obtaining required approval signatures before advancing projects through the Funding Agreements workflow better demonstrates that subgrantees are appropriately deemed eligible for payment.

Recommendation: We recommend that Division management enhance policies and procedures to specify a time frame for notifying subgrantees of FEMA Project Worksheet approval and ensure that subgrantees are timely notified pursuant to the established time frame. We also recommend that Division management ensure that projects are advanced through FloridaPA.org in accordance with established workflow requirements.

Finding 2: Subgrantee Quarterly Reports

Federal regulations¹¹ require the Division, as the PA Program grantee, to monitor the activities of each subgrantee as necessary to ensure that subgrants are used for authorized purposes in compliance with Federal statutes, regulations, and the terms and conditions of the subgrant, and that subgrant performance goals are achieved. In addition, Federal regulations¹² and FEMA guidelines¹³ require the Division to submit a Quarterly Progress Report to FEMA within 30 days of the end of each quarter describing the status of all large projects for which a final closeout payment of the Federal share has not been made to the subgrantee. The Quarterly Progress Report is to include for each applicable project the expenditures to date, amount of funds the State has drawn against the project to date, projected completion date, and any circumstances that could delay the project. FEMA guidelines also required that, for each uncompleted large project, subgrantees submit quarterly reports to the Division that included total expenditures to date, project status, projected completion date, and any circumstances that could delay the project.

To satisfy Federal monitoring and reporting requirements, the Division required subgrantees to submit quarterly reports to the Division within 15 days of the end of each quarter. Division policies and procedures required all subgrantee quarterly report reviews and approvals be documented through completion of the FloridaPA.org Quarterly Reports workflow. The Division incorporated data elements from the subgrantee quarterly reports into the Division's Quarterly Progress Report to FEMA.

To determine whether subgrantees timely submitted quarterly reports to the Division and the Division appropriately reviewed and approved the reports, we examined the 52 quarterly reports submitted by subgrantees during the period July 2016 through January 2018 related to 26 large projects. Our examination disclosed that:

- 16 of the quarterly reports associated with 8 projects were not timely submitted to the Division. Specifically, the reports were submitted 2 to 263 days (an average of 86 days) after the reports were due. Additionally, we noted that Division policies and procedures did not require, and Division staff did not, follow up with or take enforcement action against the 8 project subgrantees for not timely submitting the quarterly reports.

¹¹ Title 2, Section 200.331, Code of Federal Regulations.

¹² Title 44, Section 206.204(f), Code of Federal Regulations.

¹³ FEMA *Public Assistance Program and Policy Guide*.

- Division records did not evidence that 31 quarterly report reviews had been completed. Additionally, Division staff completed the reviews of 4 other quarterly reports subsequent to the dates the Division submitted the applicable Quarterly Progress Reports to FEMA.

In response to our audit inquiry, Division management indicated that the untimely report submissions and review deficiencies were caused by employee oversight. Absent timely receipt and review of subgrantee quarterly reports, the Division cannot ensure that Quarterly Progress Reports submitted to FEMA are complete and accurate or demonstrate that subgrantee activities are appropriately monitored in accordance with Federal regulations.

Additionally, in our report on the Single Audit of the State of Florida,¹⁴ issued March 2019, we disclosed that, due to an incorrect setting in FloridaPA.org, the Division did not obtain until the quarter ended March 31, 2018, quarterly reports from subgrantees with large projects obligated for the Hurricane Matthew disaster, declared on October 8, 2016. According to Division records, 186 projects, totaling \$191,705,595, were obligated to 103 subgrantees as of December 31, 2017. Details of the finding and recommendation are included in that report.

Recommendation: We recommend that Division management strengthen controls to ensure that subgrantees timely submit quarterly reports to the Division in accordance with established guidelines. Such control enhancements should include the establishment of policies and procedures to follow up with and, as appropriate, take enforcement action against, subgrantees who do not timely provide quarterly reports. Additionally, we recommend that Division management ensure that Division records evidence the completed review of all subgrantee quarterly reports prior to the submission of Quarterly Progress Reports to FEMA.

CONTRACT AND GRANT MANAGEMENT

In addition to PA Program grants, the Division administers various other Federal and State grants, such as Emergency Management Preparedness and Assistance (EMPA) grants.¹⁵ The Division also procures various goods and services in carrying out its statutory responsibilities and, as such, has the responsibility to establish effective controls for managing contracts and grants and reporting related information.

Finding 3: Grant Matching Requirements

The Division provides counties EMPA grants to develop and improve emergency preparedness, response, recovery, and mitigation capabilities. 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 years or the level of funding for the County Emergency Management Agency for the most-recent fiscal year, whichever was lower.¹⁶ The Division awarded 66 EMPA grants, totaling \$7,073,196, for the 2016-17 fiscal year.

¹⁴ Report No. 2019-186, *State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards*, Finding No. 2018-036.

¹⁵ Catalog of State Financial Assistance No. 31.063.

¹⁶ Executive Office of the Governor, Division of Emergency Management Rule 27P-19.011, Florida Administrative Code.

In our report No. 2016-188 (Finding 3), we noted that Division policies, procedures, and processes for ensuring that grant award recipients meet matching requirements needed improvement. As part of our follow-up audit procedures, we examined Division policies, procedures, and processes and noted that:

- Division policies and procedures for EMPA grant matching did not require counties to provide documentation to the Division evidencing satisfaction of local match requirements or otherwise require Division staff to monitor EMPA grant matching requirements.
- The EMPA close-out report to be completed by counties within 60 days of the termination date of an award did not address EMPA grant matching requirements.

According to Division management, the Division had historically only required that counties provide budget documentation at the beginning of the grant to demonstrate compliance with EMPA grant matching requirements. However, local EMPA grant matching requirements are to be satisfied based on actual rather than budgeted expenditures.

Absent adequate policies, procedures, and processes, the risk is increased that grantee noncompliance with 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: We recommend that Division management enhance policies and procedures to require counties to provide documentation to the Division demonstrating compliance with EMPA grant matching requirements. We also recommend that Division management revise the close-out report to address EMPA grant matching requirements.

Finding 4: Contract Information Reporting

Pursuant to State law,¹⁷ the Department of Financial Services established the Florida Accountability Contract Tracking System (FACTS), an online tool that provides users and the public access to State contract and grant financial information. State law requires, within 30 calendar days of executing a contract,¹⁸ State agencies to post to FACTS for each contract:

- The names of the contracting entities and procurement method.
- The contract beginning and ending dates and the nature or type of 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 and exempt information.

In our report No. 2016-188 (Finding 1), we noted that the Division did not always timely enter contract information into FACTS as required by State law. As part of our follow-up audit procedures, we analyzed

¹⁷ Section 215.985(14), Florida Statutes.

¹⁸ Section 215.985(2)(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.

FACTS data as of March 8, 2018, for the 1,048 Division contracts posted to FACTS during the period July 2016 through January 2018 and noted that:

- The Division did not timely post to FACTS the required contract documents for 148 contracts. The Division posted the contract documents to FACTS 1 to 130 days (an average of 29 days) after the information was due. As of March 12, 2019, the Division had also not posted to FACTS the documents for another contract executed on February 27, 2017.
- The Division did not enter valid ending dates for 183 of the contracts posted to FACTS.

According to Division management, the delays in posting contract documents to FACTS were due to delays in routing contracts to the Division staff responsible for posting required information to FACTS. In addition, valid contract ending dates were not entered and the documents for the one contract were not posted due to employee errors.

Timely posting valid and required contract information to FACTS enhances transparency, strengthens accountability, and ensures compliance with State law.

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

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Division had taken corrective actions for the findings included in our report No. 2016-188.

RELATED INFORMATION

In our report No. 2019-186, *State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards*, dated March 2019, we identified issues regarding the Division's compliance with certain Federal requirements related to the PA Program and the effectiveness of internal controls established by management to ensure compliance. Specifically, in:

- Finding No. 2018-033, we noted that the Division did not always maintain documentation to support costs charged to the PA Program, resulting in questioned costs totaling \$999,231.
- Finding No. 2018-034, we reported a significant deficiency¹⁹ related to certain FloridaPA.org information technology controls.
- Finding No. 2018-035, we noted that the Division did not verify that all applicable subgrantees were audited as required by Federal regulations.
- Finding No. 2018-036, we disclosed that the Division did not evaluate subgrantee 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.

Details of the findings and recommendations are included in that report.

¹⁹ A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 2018 through March 2019 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 of the Division of Emergency Management (Division) focused on the Public Assistance (PA) Program. 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 other 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. 2016-188.

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:

- Reviewed applicable laws, rules, Division policies and procedures, and other guidelines, and interviewed Division personnel to obtain an understanding of the PA Program.
- Performed inquiries of Division personnel and examined Division records to determine whether Division management had adequately designed and implemented controls, including policies and procedures, for the management of the PA Program.
- From the population of 331 large PA Program project awards, totaling \$385,001,845, obligated by FEMA during the period July 2016 through January 2018, examined Division records for 40 selected projects, totaling \$188,261,818, to determine whether the projects were properly recorded in FloridaPA.org and were awarded in accordance with Federal regulations and Division policies and procedures.
- From the population of 2,003 PA Program expenditures, totaling \$170,604,159, made during the period July 2016 through January 2018, examined Division records for 40 selected expenditures, totaling \$86,964,022, to determine whether the expenditures were properly supported and made in accordance with applicable Federal regulations, State laws, rules, and Division policies and procedures.
- From the population of 1,241 large PA Program projects active during the period July 2016 through January 2018, examined Division records for 40 selected large projects to determine whether Division records evidenced that project progress was monitored and delays in project completion were timely detected.
- Analyzed Division records for the large PA Program projects active during the period July 2016 through January 2018 to determine whether the Division obtained from subgrantees all required quarterly project reports. Our analysis included the 52 quarterly reports submitted by subgrantees during the period July 2016 through January 2018 related to 26 large projects.
- From the population of 412 large PA Program projects, totaling \$303,200,334, closed during the period July 2016 through January 2018, examined Division records for 40 selected projects, totaling \$228,237,378, to determine whether the Division closed out the projects in accordance with Federal regulations and Division policies and procedures.
- Analyzed PA Program project data in FloridaPA.org as of April 2, 2018, to assess the overall completeness and reasonableness of PA Program project records and to determine whether essential attribute data was completed.
- Analyzed FloridaPA.org data for all PA Program projects that were open during the period July 2016 through January 2018 and that had surpassed the project work deadline to identify projects that surpassed Division policies on extensions and closeout deadlines.
- Evaluated Division actions to correct the findings noted in our report No. 2016-188. Specifically, we:

- Inquired of Division management and examined Division records to determine whether the Division had established policies and procedures for timely posting required contract information to the Florida Accountability Contract Tracking System (FACTS).
- Analyzed FACTS data as of March 8, 2018, for the 1,048 Division contracts posted to FACTS during the period July 2016 through January 2018 to determine whether the Division timely posted contract information to FACTS in accordance with State law.
- Inquired of Division management and examined Division records to determine whether the Division had updated procurement policies and procedures to incorporate criteria for procurements exempt from the competitive solicitation process, including artistic exemptions.
- From the population of 12 noncompetitively procured contracts in excess of \$35,000 and totaling \$1,487,475, with a contract execution or purchase order date during the period July 1, 2016, through January 10, 2018, examined Division records for 5 selected contracts, totaling \$363,000, to determine whether the Division procured the contracts in accordance with State law.
- Inquired of Division management and examined Division records to determine whether the Division had enhanced Division forms to address Emergency Management Preparedness Assistance (EMPA) and Emergency Management Performance (EMP) grant matching requirements and established policies and procedures for administering EMPA and EMPG grants.
- From the population of 68 EMP grants, totaling \$7,502,696, and 68 EMPA grants, totaling \$6,705,255, executed during the period August 2017 through January 2018, examined Division records for 5 selected EMP grants, totaling \$1,390,524, and 5 selected EMPA grants, totaling \$539,030, to determine whether Division grant documentation addressed matching requirements.
- From the population of 68 EMP grants, totaling \$6,645,075, and 66 EMPA grants, totaling \$7,073,196, that ended during the period March 2017 through January 2018, examined Division records for 5 selected EMP grants, totaling \$582,667, and 5 selected EMPA grants, totaling \$539,030, to determine whether the Division monitored the grants for compliance with matching requirements.
- From the population of ten Hazardous Materials Emergency Preparedness grants, totaling \$635,076, with quarterly report reviews performed by Division staff during the period October 2016 through January 2018, examined Division records for 5 selected grants, totaling \$349,127, to determine whether Division monitoring activities were sufficiently documented.
- From the population of 176 property items, with acquisition costs totaling \$628,637, acquired by the Division during the period July 2017 through January 2018, examined Division records for 25 selected property items, with acquisition costs totaling \$157,765, to determine whether the items were timely and accurately added to Division property records.
- Analyzed Division property records as of January 2018 to determine whether Division property records included all the information required by Department of Financial Services rules.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Division operations.
- Observed, documented, and evaluated the effectiveness of selected Division processes and procedures for:
 - Cash management and revenue and cash receipt activities.
 - The administration of Division travel in accordance with State law and other applicable guidelines. During the period July 2016 through January 2018, Division travel expenditures totaled \$1,818,575.

- The assignment and use of mobile devices with related costs totaling \$128,522 during the period July 2015 through June 2017.
- The acquisition and management of real property leases in accordance with State law, Department of Management Services rules, and other applicable guidelines. As of January 2018, the Division was responsible for 3 real property leases.
- The administration of hurricane-related contracting and purchasing activities. During the period July 2016 through December 2017, the Division expended \$33,913,708 related to hurricane activity impacting the Division for five Governor-declared emergencies.
- 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

Ron DeSantis
Governor

Jared Moskowitz
Director

August 21, 2019

Ms. Sherrill F. Norman
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Enclosed is the Florida Division of Emergency Management's response to the preliminary and tentative findings and recommendations for the Auditor General's operational audit of the Public Assistance Program and Prior Audit Follow-Up.

If you have any questions or need additional assistance, please contact Susan Cureton, Inspector General at (850) 815-4184 or Susan.Cureton@em.myflorida.com.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jared Moskowitz', with the initials 'F&R' written below it.

Jared Moskowitz, Esq.
Director

DIVISION HEADQUARTERS
2555 Shumard Oak Boulevard
Tallahassee, FL 32399-2100

Telephone: 850-815-4000
www.FloridaDisaster.org

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

FLORIDA DIVISION OF EMERGENCY MANAGEMENT

Management Response to Preliminary and Tentative Findings

Auditor General Operational Audit – Public Assistance Program and Prior Audit Follow-Up (2019)

FINDINGS AND RECOMMENDATIONS

Finding 1: PA Program Awards

Finding 1: The Division had not established a time frame for notifying subgrantees of Federal Emergency Management Agency approval of subgrantee Project Worksheets and some subgrantees were notified 40 or more days after such approval. In addition, the Division did not always advance subgrantee projects through FloridaPA.org in accordance with established workflow requirements.

Recommendation: We recommend that Division management enhance policies and procedures to specify a timeframe for notifying subgrantees of FEMA Project Worksheet approval and ensure that subgrantees are timely notified pursuant to the established time frame. We also recommend that Division management ensure that projects are advanced through FloridaPA.org in accordance with established workflow requirements.

State Agency Response and Corrective Action Plan:

We concur with this finding. A comprehensive Grants Management Standard Operating Procedure (SOP) has been developed and is currently in the formal adoption process. Recovery Bureau Staff is more closely monitoring all workflow steps to ensure timely progression of projects through the grant management process. Furthermore, the party responsible for each step is clearly identified in the SOP. Additionally, FEMA's process of project obligation (approval of Project Worksheets) has changed and subrecipients now receive notice from FEMA, via Grants Portal notifications, under the new FEMA Public Assistance Program Delivery Model. FloridaPA.org syncs daily with FEMA's Emergency Management Mission Integrated Environment (EMMIE) database to capture project obligations on a daily basis and notice is automatically sent via FloridaPA.org to all account holders assigned to that subrecipient who have opted in to receiving such notifications.

Finding 2: Subgrantee Quarterly Reports

Finding 2: Division controls for subgrantee quarterly reporting need enhancement.

Recommendation: We recommend that Division management strengthen controls to ensure that subgrantees timely submit quarterly reports to the Division in accordance with established guidelines. Such control enhancements should include the establishment of policies and procedures to follow up with and, as appropriate, take enforcement action against, subgrantees who do not timely provide quarterly reports. Additionally, we recommend that Division management ensure that Division records evidence the completed review of all subgrantee quarterly reports prior to the submission of Quarterly Progress Reports to FEMA.

State Agency Response and Corrective Action Plan:

We concur with this finding. The Recovery Bureau has made improvements to Florida PA whereby information needed from Subrecipients to complete the FEMA quarterly report is

FLORIDA DIVISION OF EMERGENCY MANAGEMENT

Management Response to Preliminary and Tentative Findings

Auditor General Operational Audit – Public Assistance Program and Prior Audit Follow-Up (2019)

automatically compiled and provided in a format that matches the FEMA dictated format. This process will identify any Subrecipients who have not yet completed the quarterly reports, and staff or staff augmentation contractors at Bureau direction will follow-up with any noncompliant subrecipients. Quarterly Report management is part of the comprehensive Grants Management Standard Operating Procedure and a job aide for subrecipients was created and is also in the adoption/approval process, and will be made available to all Subrecipients. Additionally, the Recovery Bureau has created a Compliance Unit, whose mission is to monitor Subrecipient compliance with all federal and state program requirements and to perform programmatic and fiscal monitoring of Subrecipients. Submission of quarterly reports will be a part of this unit's risk assessment and monitoring.

Finding 3: Grant Matching Requirements

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

Recommendation: We recommend that Division management enhance policies and procedures to require counties to provide documentation to the Division demonstrating compliance with EMPA grant matching requirements. We also recommend that Division management revise the close-out report to address EMPA grant matching requirements.

State Agency Response and Corrective Action Plan:

The Division concurs with this finding. To satisfy this audit finding, we will update our Close Out Report to require counties to provide us with final county budget expenditures to support the utilization of the \$105,806 EMPA award.

The Division will also work to update Florida Administrative Code 27P-19 to further define match requirements for base grant awards

Finding 4: Contract Information Reporting

Finding 4: As similarly noted in our report No. 2016-188, the Division did not always timely post contract information to the Florida Accountability Contract Tracking System as required by State law and some contract information posted was not valid.

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

State Agency Response and Corrective Action Plan:

We concur. The Division is in the process of procuring a new grants management tool that will resolve these issues.