



STATE OF FLORIDA

# DEPARTMENT OF COMMUNITY AFFAIRS


*"Dedicated to making Florida a better place to call home"*

CHARLIE CRIST  
Governor

THOMAS G. PELHAM  
Secretary

## MEMORANDUM

TO: Thomas G. Pelham, Secretary

FROM: Candie M. Fuller, Inspector General 

SUBJECT: Audit Follow-up

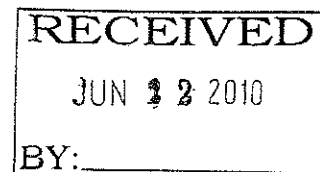
DATE: June 21, 2010

In accordance with Section 20.055 (5) (g), Florida Statutes, a report of the most recent audit relating to Department of Community Affairs and Division of Emergency Management issued by the Florida Auditor General is attached. The report includes a brief summary of the audit findings, recommendations, and agency response, with status of corrective actions at this time.

Please let me know if you would like additional information regarding this follow-up report.

Attachment

cc: Joint Legislative Auditing Committee



FOLLOW-UP OF AUDIT REPORTS ISSUED BY THE AUDITOR GENERAL OR OPPAGA				
AUDITING ENTITY	REPORT NUMBER	PERIOD COVERED	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTIONS TAKEN
Auditor General	2010-012	July 2007 – February 2009	<p><b>Finding No.1:</b> DEM organizational structure and procedures were not effectively designed to ensure that disaster projects were appropriately monitored and closed in a timely manner.</p> <p><b>Recommendation:</b> We recommend that DEM management evaluate the DEM organizational structure and make adjustments as necessary to assign supervisory responsibility to provide effective oversight for adequate monitoring and timely closeout of PA Program projects. To ensure compliance with Federal regulations and policies, DEM management should also enhance written policies and procedures and establish a formalized training program to provide more specific guidance to staff related to monitoring and closeout of PA Program projects. Such policies and procedures should include requirements for consistently documenting all large project information, including relevant dates that can be used to measure processing times for each stage of the</p>	<p>DEM concurred in the original audit response and stated that the Public Assistance Standard Operating Guide will be rewritten by June 2010 to ensure that projects are appropriately monitored and closed.</p> <p><b>The final Standard Operating Guide manual contains new procedures and includes measuring and evaluating staff productivity. The DEM organization structure has been modified to achieve enhanced monitoring and oversight of PW closure activities. The SOG will be completed by June 2010.</b></p>

	<p>project life cycle. Additionally, DEM management should establish and monitor relevant measurable goals that allow the objective evaluation of PA Program and staff accomplishments.</p>	
<p>DEM concurred in the original audit response stating that changes have been requested from the software developer to provide a central information and storage system by June 2010.</p> <p><b>Additional capability has been provided to the Florida PA Web Portal by the software developer and new documentation is being centrally stored in one software system. As review actions are progressing on projects and Sub grantee closeouts, all archived data available to the reviewers is being imported from other data repositories in the Florida PA System to complete the record. The program data in the various queues in the software system are being reviewed for accuracy</b></p>	<p><b>Finding No.2:</b> DEM maintained disaster project documentation in multiple systems and at various storage sites rather than in a centralized information system.</p> <p><b>Recommendation:</b> We recommend that DEM:</p> <ul style="list-style-type: none"> <li>➤ Develop policies and procedures that require staff to enter all relevant data into a centralized information system and discourage the use of alternative systems or storage sites. The procedures should also clearly identify the fields where key dates should be recorded and where other key information should be stored within a centralized information system.</li> <li>➤ Conduct periodic reviews of the data in the FloridaPA System to help ensure the accuracy of the data recorded. Periodic reviews should</li> </ul>	

	<p>include appropriate reconciliations of PA Program data contained in various IT systems, including that recorded in the State's accounting system.</p>	
<p>DEM concurred in the original audit response and stated that the FloridaPA.org system will be reviewed to remove inaccurate and incomplete data by June 2010.</p> <p><b>All projects reported in the closeout workflow in the Florida PA System have been reviewed for accuracy and duplication. Software changes have also been made to prevent duplicate requests being counted as separate actions.</b></p>	<p><b>Finding No.3:</b> The FloridaPA System contained inaccurate and incomplete data, limiting DEM management's ability to effectively manage disaster projects.</p> <p><b>Recommendation:</b> We recommend that DEM:</p> <ul style="list-style-type: none"> <li>➤ Compile and maintain centralized current data on open projects related to pre-2004 disasters.</li> <li>➤ Enhance the functionality of the FloridaPA System to allow for the recording of relevant, complete, and accurate project data. This functionality should include the ability to close completed projects.</li> <li>➤ Develop FloridaPA System reports that are useful for PA Program management.</li> </ul>	
	<p><b>Finding No.4:</b> DEM did not provide</p>	<p>DEM concurred in the original audit</p>

<p>response stating that the Quarterly Report process will be refined and improved to assist sub grantees and DEM staff in identifying and resolving anomalies in data submissions by June 2010.</p> <p><b>The Florida PA software developer has updated the quarterly reporting tools to allow for additional reportable fields and Sub grantee guidance has been developed and is now posted on the Florida PA website on the “Applicant Guidelines and Guides” tab listed as “Sub grantee Quarterly Report Guidelines.” Guidance has also been provided to DEM staff for Pre 04 and subsequent disaster event projects relating to the procedures to follow for processing the Quarterly reports.</b></p>	<p>written instructions to subgrantees on the preparation of Quarterly Reports or to staff on the review and approval of Quarterly Reports. Additionally, DEM procedures for reviewing and approving Quarterly Reports were not effective in disclosing and resolving anomalies in the data reported.</p> <p><b>Recommendation:</b> We recommend that DEM require subgrantees to submit Quarterly Reports until the final closeout payment is made. To ensure the accuracy of information reported to FEMA and the identification of projects requiring follow-up, DEM management should develop procedures regarding the preparation, review, and approval of Quarterly Reports. Additionally, DEM management should ensure timely resolution of identified discrepancies and instances where FEMA consideration of time extensions or project obligation amount adjustments may be necessary. Further, data in the FloridaPA System should be updated as appropriate.</p>	
<p>DEM concurred in the original audit response stating that a listing of planned and</p>	<p><b>Finding No.5:</b> DEM did not</p>	

<p>maintain a listing of planned or completed interim inspections for disaster projects. Additionally, DEM did not always properly document completed inspections.</p>	<p>completed interim inspections will be maintained by the Bureau and staff will be instructed on the proper documentation of completed inspections.</p>
<p><b>Recommendation:</b> DEM should develop procedures for identifying when interim inspections should be conducted, rather than relying solely on subgrantees to request inspections. Additionally, when inspections are conducted, DEM should ensure that appropriate information is recorded in the FloridaPA System to identify the inspected project, the purpose for and results of the inspection, any follow-up required, and the results of follow-up procedures.</p>	<p><b>An Interim Inspection workflow has been established in the Florida PA Web Portal Software and planned inspections are documented by the Request for Interim Inspection form. The results of the inspections are documented within the workflow and within the Sub grantee's account. Staff members have been trained on the inspection procedures and have also been provided an Interim Inspection Toolkit.</b></p>
<p><b>Finding No.6:</b> Information and calculations required by the Joint Closeout Tool documents were duplicative and resulted in inefficiencies. In addition, DEM's policy of waiting for subgrantees to request final inspections, rather than scheduling the inspections when projects were identified as completed, contributed to extensive delays.</p> <p><b>Recommendation:</b> We recommend that DEM management consult with</p>	<p>DEM concurred in the original audit response stating that the JCT process would be replaced with another methodology in order to facilitate project closeouts and the Bureau will schedule final inspections for projects identified as complete.</p> <p><b>The Final Reconciliation Report (FRR) has replaced the Joint Closeout Toolkit (JCT) process along with duplication being eliminated and sampling and</b></p>

		<p>FEMA to determine the necessity of completing information identified as duplicative in the JCT. In addition, DEM management should ensure that procedures and documents established to close out disasters that occurred subsequent to 2005 do not require information be recorded multiple times. DEM should also develop a process for identifying completed projects and timely scheduling final inspections, rather than waiting for subgrantees to request a final inspection.</p>	<p><b>validating procedures having been simplified. Closeouts are now being scheduled commensurate with Public Assistance Coordinator availability.</b></p>
		<p><b>Finding No.7:</b> DEM did not always retain the documentation necessary to demonstrate the adequacy of the final inspections. Also, contrary to established procedures, the eligible costs calculated during the final inspection process were not reconciled to amounts already paid to subgrantees.</p> <p><b>Recommendation:</b> to demonstrate the adequacy of final inspections, we recommend that DEM management ensure that appropriate documentation is retained in the FloridaPA System. We also recommend that DEM management ensure that a reconciliation of total</p>	<p>DEM concurred in the original audit response stating that documentation will be retained to confirm the adequacy of final inspections and procedures will be revised to ensure the eligible costs are reconciled to amounts already paid to sub grantees and any payments be submitted prior to closeout.</p> <p><b>Procedural changes have been made in the Florida PA System relating to the Closeout workflows to ensure that a financial documentation review is conducted in order to reconcile eligible costs against actual payments and resolve any differences. Remedial activities are also ongoing to validate all past projects.</b></p>

			<p>payments to final eligible costs is timely performed and documented as part of the project closeout process and that any differences in the amounts are timely resolved, in accordance with established procedures. DEM should ensure that, in accordance with Federal regulations, final closeout payment requests are submitted prior to submitting the closeout packages to FEMA.</p>	
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