



STATE OF FLORIDA

DIVISION OF EMERGENCY MANAGEMENT

RICK SCOTT
Governor

BRYAN W. KOON
Director

February 2, 2017

Bryan Koon
Director
Division of Emergency Management
2555 Shumard Oak Boulevard
Tallahassee, Florida, 32399-2100

**Re: Auditor General Report No. 2016-188, Contract and Grant Management and
Prior Audit Follow-Up**

Dear Director Koon:

As required by Section 20.055(6)(h), Florida Statutes, the six-month status report for the subject audit is attached. The report details the implementation or current status of each recommendation.

If you have any questions, please call me at 815-4151.

Sincerely,

A handwritten signature in cursive script that reads "Ronnie Atkins".

Ronnie Atkins,
Deputy Inspector General

RA: ac

Enclosure

CC: Jonathan Lord, Deputy Director
Wes Maul, Chief of Staff
Kathy Dubose, Staff Director
Joint Legislative Auditing Committee
JLAC@leg.state.fl.use
Melinda Miguel, Chief Inspector General

**Florida Division of Emergency Management
Six-month Follow-up to the
Office of Auditor General
Report #: 2016-188**

Finding No. 1: Contract Information Reporting

Pursuant to Section 215.985(14), Florida Statutes, all state agencies are required to submit contract and grant financial information into the Florida Accountability Contract Tracking System (FACTS). 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 AG's analysis of FACTS data for the 3,033 Division contracts entered into FACTS during the period of 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.

Recommendation:

The AG recommended that Division management enhance procedures to ensure that contract information is timely entered into FACTS as required by State law.

FDEM Response:

The Division concurred with the finding. The Division 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.

Six-month Follow-up Response:

The Division has updated the FACTS monitoring process to use existing contract logs to ensure that agreements are entered into the FACTS to comply with State law. The FACTS unit sends bi-weekly emails out to the Bureaus reminding them of the agreements that need to be forwarded for entry.

Completion Date: Completed

Finding No. 2: Procurement

Section 287.001, Florida Statutes, 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. However, State law also provides certain exemptions to the competitive procurement requirements. Among these exceptions, State law permits State agencies to procure artistic services through non-competitive means.

The AG examined 11 purchase requisitions and found that 3 of the purchase requisitions applied the artistic services exemption, but did not appear to satisfy the requirement for and intent of the artistic services exemption from statutory competitive procurement requirements. Two 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. The deliverables for 2 of the 11 purchase requisitions were not well-defined as it did not include rates and duration of the service.

Recommendation:

The AG recommended 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.

FDEM Response:

The Division concurred that it should have used the competitive solicitation process for the goods identified. The Division is updating its purchasing policy to incorporate criteria for exempting purchases from the competitive solicitation process and provide training to staff.

However, the Division does not fully concur with the findings that the artistic exemption should not have been used for the identified goods and services and that certain services were outside the scope of the FEMA work plan. While the Division does not concur with the finding, the Division will provide more clear terminology in procurement documents that ensure compliance with the artistic exemption and the FEMA work plan.

Six-month Follow-up Response:

Finance has updated its Procurement Policy to incorporate criteria for exempting purchases from the competitive solicitation process, to include artistic exemption. The revised policy is being routed for review and approval by leadership and legal. We estimate the it will go into effect by March 30, 2017.

Completion Date: March 30, 2017

Finding No. 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 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. According to the Division, most counties that received State EMPA funds used the funds to match Federal EMPG Program funds received from the Division.

The AG examined the Division's processes for administering grant matching requirements, including applicable terms, monitoring tools, and other documentation by examining 12 grant agreements. The examination revealed that the Division's processes needed improvements to better ensure that grant matching requirements were appropriately met. The Division did not have established policies and procedures for monitoring EMPG and EMPA grant matching requirements, the close-out form did not address grant matching requirements, and the Division could not provide documentation to show adequate monitoring that the match requirement had been met.

Recommendation:

To demonstrate Division monitoring efforts to verify and promote grantee compliance with Federal and State grant matching requirements, the AG recommended 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.

FDEM Response:

The Division concurred. 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 finding.

Six-month Follow-up Response:

Finance has updated the form (Form 3) that base grant sub recipients complete to document their maintenance of effort for the EMPA base grants which is to be submitted to the grant manager within 45 days of their local budget being approved. Until Finance receives this documentation which supports that the sub recipients are in compliance with the administrative rule, reimbursement requests for their EMPA base grant will not be processed. Finance has also added a new form for EMPG base grants that the sub-recipients must complete and submit with their signed agreement documenting how they will be meeting the 1:1 match requirement (Form B). A new requirement has also been added that any county that receives more EMPG than EMPA (16 counties), must document their match quarterly (Quarter Match Form). All other sub-recipients must provide their match documentation for EMPG as part of their grant closeout report (Form 4) which is due 45 days after expiration of the agreement. The grant management policy is still in draft form but is being developed and we have also identified the need related to base grants for a checklist to be developed for quarterly reporting and grant closeouts. This should eliminate missing documentation in the files and also provide the tangible support for desktop monitoring.

Completion Date: March 15, 2017**Finding No. 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 in accordance with DFS *State of Florida Contract and Grant User Guide*. The AG examined Division records for monitoring activities (14 on-site visits) conducted during the period of July 2013 through February 2015 related to 25 grants agreements. Division staff were unable to locate records evidencing that the on-site monitoring visits has been conducted for 2 of the 14 on-site monitoring visits.

Recommendation:

The AG recommended that Division management ensure that grant monitoring activities are appropriately documented in accordance with DFS guidance.

FDEM Response:

The Division concurred. The Division will strengthen monitoring policies and procedures to address the issuance of final monitoring reports and follow-up procedures. The Division will maintain monitoring reports documenting the results of all onsite/desk top monitoring visits in sub-recipient files.

Six-month Follow-up Response:

The Bureau of Preparedness has created a Sub-Recipient Monitoring Plan and Procedures Handbook to address the issuance of final monitoring reports and follow-up procedures effective in October 2016. The Bureau of Preparedness has also issued a policy requiring monitoring visit documentation be maintained within the sub-recipient files.

Completion Date: Complete

Finding No. 5: Tangible Personal Property Records

DFS rules provide that State agencies are responsible for correctly reporting tangible personal property. According to Division records, the Division purchased 415 tangible personal property items.

The AG examined Division purchasing records for 100 tangible personal property items to determine whether Division property records has been timely and accurately updated. This examination revealed that Division procedures disclosed that purchases of tangible personal property were not always timely or accurately entered into Division property records.

Recommendation:

The AG recommended 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.

FDEM Response:

While the Division concurred with the finding, the circumstances that contributed to this finding were staff availability and turnover. However, the Division is updating its monitoring procedures to ensure property items were added timely with all required information.

Six-month Follow-up Response:

Finance is currently in the process of updating the Division's Property Management and Accountability Policies and Procedures to comply with the Division's Standard Operation Procedure and to include timelines for inputting property information into FLAIR.

Completion Date: June 30, 2017