




STATE OF FLORIDA

# DIVISION OF EMERGENCY MANAGEMENT

Ron DeSantis  
Governor

Jared Moskowitz  
Director

## MEMORANDUM

**TO:** Jared Moskowitz, Director  
**FROM:** Susan Cureton, Inspector General   
**DATE:** September 24, 2020  
**SUBJECT:** Six-Month Status Report to Auditor General Report No. 2020-170

Pursuant to § 20.055(6)(h), Florida Statutes, the Office of Inspector General conducted a six-month follow-up to the Auditor General's report number 2020-170, *State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards for the Fiscal Year Ended June 30, 2019*. The report was issued by the Auditor General in March 2020, and contained three findings and three recommendations related to FDEM.

Based on our follow-up review, please find attached the six-month status report which contains management's update to the findings included in the Auditor General's report. We appreciate the assistance and cooperation provided by staff members of FDEM's Recovery Bureau during this project.

If you have any questions, please let me know.

Attachment

CC: Kevin Guthrie, Deputy Director  
Melinda Miguel, Chief Inspector General  
Joint Legislative Auditing Committee

# Florida Division of Emergency Management



## Office of Inspector General

Six-Month Status Report to  
Auditor General Report No. 2020-170

September 24, 2020



## INTRODUCTION

Pursuant to § 20.055(6)(h), Florida Statutes, the Office of Inspector General (OIG) for the Florida Division of Emergency Management (FDEM) conducted a six-month follow-up to the Auditor General's report number 2020-170, *State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards For the Fiscal Year Ended June 30, 2019*. The final report was issued by the Auditor General in March 2020, and contained three findings and three recommendations related to FDEM.

## SUMMARY OF FINDINGS & MANAGEMENT'S RESPONSE

The OIG requested management in FDEM's Recovery Bureau to provide a six-month status update regarding the findings included in the Auditor General's report number 2020-170. The following is a summary of the Auditor General's findings and recommendations, along with a status update from FDEM management.

### **AUDITOR GENERAL FINDING NO. 2019-002**

**Finding:** The FDEM did not always obtain and maintain documentation to support costs charged to the WHIP.

**Recommendation:** We recommend that FDEM management strengthen reimbursement processing controls to ensure that FDEM records evidence that all costs charged to the WHIP are allowable and reasonable.

**FDEM Management Response:** Subsequent to audit inquiry, FDEM has substantiated \$326,624.85 of the questioned costs and is in the process of obtaining additional documentation to support \$46,700.00 to comply with 2 CFR 200.403(g). FDEM does not expect recoupment will be necessary. The remaining \$543,931.85 in questioned costs are related to arm's length transactions. The transactions described regularly occur as an industry standard. Many Citrus Recovery Block Grant (CRBG) applicants own groves and the caretaking companies that service and manage them. While the companies have the same owner, each company is operating as a separate legal entity. FDEM compared claimed costs to prices from other unaffiliated producer records as well as other market data sources area in accordance with 2 CFR 200.404. All costs are evaluated and must be deemed eligible, reasonable and appropriate prior to payment. Subsequent to audit inquiry and prior to the audit report, the analyses found all claimed costs to be eligible and reasonable.

FDEM concurs with the auditor's recommendation and will strengthen reimbursement controls to ensure all costs are validated and determined reasonable prior to payment.

**FDEM Management Six-Month Status Update:** Fully Corrected. FDEM has obtained all outstanding supporting documentation to support payments made to subrecipients. FDEM has developed and implemented Standard Operating Procedures for the Citrus Recovery Block Grant and subrecipient compliance. These improvements have significantly strengthened the payment process for the Citrus Recovery Block Grant.



### **AUDITOR GENERAL FINDING NO. 2019-040**

**Finding:** The FDEM did not evaluate subrecipient risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward or develop appropriate subrecipient monitoring plans based on an assessed risk of noncompliance.

**Recommendation:** We recommend that FDEM management assess subrecipient risk of noncompliance for all subrecipient and develop monitoring plans based on the assessed level of risk in accordance with established FDEM policies and procedures and applicable Federal regulations.

**FDEM Management Response:** FDEM developed a Subrecipient Compliance Program SOP, created a Compliance Unit to perform these duties, and began subrecipient risk assessments during the audit period. As recognized in the Condition above, the SOP was finalized and implemented in August 2019. All subrecipients for all open Public Assistance grants have been assessed for risk of non-compliance and have been assigned a risk rating based on the procedures outlined in the SOP. These risk rating correspond to monitoring plans that are being implemented.

**FDEM Management Six-Month Status Update:** Fully Corrected. FDEM reviewed the processes for the Subrecipient Compliance Program and updated the program's Standard Operating Procedures (SOP) accordingly. This SOP outlines procedures to evaluate each subrecipients' risk level. FDEM monitors subrecipients once to four times per year, dependent on their level of risk. FDEM has also developed monitoring plans which specify the type of monitoring activities scheduled for each subrecipient, for each yearly quarter, dependent on their level of risk. The Subrecipient Compliance Program is designed to evaluate and ensure subrecipient compliance with all Federal statutes, regulations and terms and conditions of the Public Assistance Grant Program.



**AUDITOR GENERAL FINDING NO. 2019-041**

**Finding:** The FDEM did not verify that all applicable subrecipients were audited.

**Recommendation:** We recommend that FDEM management obtain and review audit reports from all applicable subrecipients in accordance with established FDEM policies and procedures and applicable Federal regulations.

**FDEM Management Response:** During the audit period, FDEM determined the population of subrecipients with Federal Single Audits needing reviews and began obtaining and reviewing reports. As recognized in the Condition above, the Subrecipient Compliance Program SOP was finalized and implemented in August 2019. FDEM has obtained and reviewed all audit reports required to be submitted by law, regulation, and policy. Management letters and subsequent follow up is completed as needed.

**FDEM Management Six-Month Status Update:** Fully Corrected. In October 2019, FDEM designed and implemented a Compliance Module within the Recovery Bureau's grants management system that requires each Subrecipient to certify whether or not it is subject to a Federal Single Audit for the prior fiscal year.

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Florida Division of Emergency Management

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Susan Cureton, CIA, CFE, CIG  
Inspector General