

**DEPARTMENT OF COMMUNITY AFFAIRS  
AND DIVISION OF EMERGENCY  
MANAGEMENT**

**PROCUREMENT, ASSET MANAGEMENT, AND  
ADMINISTRATIVE ISSUES**

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**Operational Audit**



## **SECRETARY OF THE DEPARTMENT OF COMMUNITY AFFAIRS**

Pursuant to Section 20.18, Florida Statutes, the head of the Department of Community Affairs was the Secretary who was appointed by the Governor and was subject to confirmation by the Senate. Effective October 1, 2011, pursuant to Chapter 2011-142, Laws of Florida, the Office of the Secretary was eliminated. The following served as Secretaries:

William Buzzett	From January 11, 2011
Thomas Pelham	Through January 3, 2011

## **DIRECTOR OF THE DIVISION OF EMERGENCY MANAGEMENT**

The Director of the Division of Emergency Management is appointed by, and serves at the pleasure of, the Governor. Pursuant to Section 20.18(2)(a), Florida Statutes, the Division was administratively housed within the Department of Community Affairs until October 1, 2011, when the Division was transferred to the Executive Office of the Governor, pursuant to Chapter 2011-142, Laws of Florida. The following served as Directors:

Bryan Koon	From February 1, 2011
David Halstead	From January 5, 2010, Through January 31, 2011
Ruben Almaguer (Interim Director)	Through January 4, 2010

The audit team leaders were Joshua Barrett, and Yuch-Lin DeGrove, CPA, and the audit was supervised by Haesun Baek, 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) 487-4494.

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**DEPARTMENT OF COMMUNITY AFFAIRS AND  
DIVISION OF EMERGENCY MANAGEMENT**

Procurement, Asset Management, and Administrative Issues

**SUMMARY**

This operational audit of the Department of Community Affairs (Department) and the Division of Emergency Management (Division) focused on a determination of the status of the corrective actions taken with respect to the findings in our report Nos. 2008-177 and 2008-179. Our audit disclosed the following:

**PROCUREMENT**

**Finding No. 1:** Division procurement controls did not reasonably ensure compliance with applicable laws, rules, regulations, and grant agreement provisions.

**Finding No. 2:** The Division did not always obtain and review supporting documentation to ensure that prior to payment, procured goods or services were received in accordance with contractual terms and conditions.

**Finding No. 3:** Division employees with vendor selection responsibilities were not required to attest in writing as to their independence and impartiality with respect to the entities evaluated and selected.

**TANGIBLE PERSONAL PROPERTY ACCOUNTABILITY**

**Finding No. 4:** Annual physical inventory procedures were not timely completed.

**Finding No. 5:** Adequate documentation was not maintained to evidence that all property classified as surplus property had been properly approved or disposed.

**Finding No. 6:** Tangible personal property (property) was not always recorded in FLAIR property records. For example, our audit disclosed numerous Division-acquired property items that had not been recorded in FLAIR, including a 320GB digital video recorder (\$4,399), 2 security cameras (\$4,202), a conference table (\$2,410), a dishwasher (\$5,403), and a convection oven (\$8,655). In addition, when property items were recorded, the items were often not recorded timely or accurately. Division staff were unable to locate 80 of 95 property items that we selected for physical inspection, including a mobile communication device (\$148,800), video editing equipment (\$162,070), and 18 laptop computers (\$30,416).

**Finding No. 7:** The Division had not since December 2006 updated its inventory of State and local government-owned generators that are to be available for use during major disasters.

**OTHER ADMINISTRATIVE ISSUES**

**Finding No. 8:** Weaknesses continued to exist in the processes for review, approval, and documentation of Division travel expenditures.

**BACKGROUND**

The Department was created by Section 20.18, Florida Statutes. The Department’s responsibilities included oversight of local government comprehensive planning, administration of Statewide building codes, and administration of numerous programs that awarded grants to eligible local governments for infrastructure, community improvement, revitalization of commercial areas, housing rehabilitation, and economic projects, and to community action agencies to assist persons with critical needs, such as food, clothing, healthcare, and utilities.

Pursuant to law, effective July 2006, the Division of Emergency Management became an autonomous separate entity, although administratively housed within the Department. The Director of the Division serves at the pleasure of the Governor and is the agency head for all purposes. The Division is responsible for the overall coordination of the State Emergency Response Team, operation of the State Emergency Operations Center, and coordination of the State’s response to address the needs of disaster victims and the emergency responders. Additionally, the Division is responsible for administering numerous programs related to emergency preparedness, response, recovery, and mitigation.

According to an interagency agreement between the Department and the Division, the Department was responsible for handling administrative activities of the Division; however, the Division was not subject to control, supervision, or direction by the Department in any manner.

Effective October 1, 2011, pursuant to Laws of Florida 2011-142, the Florida Housing Finance Corporation, the Division of Housing and Community Development, and the Division of Community Planning were transferred to the Department of Economic Opportunities, and responsibilities under the Florida Communities Trust were transferred to the Department of Environmental Protection.

Effective October 1, 2011, the Division of Emergency Management was transferred to the Executive Office of the Governor pursuant to Laws of Florida 2011-142.

**FINDINGS AND RECOMMENDATIONS**

This operational audit of the Department and Division focused on a determination of the status of the corrective actions taken with respect to the findings in our report Nos. 2008-177 and 2008-179. Except as discussed in the following paragraphs, the Department of Community Affairs and the Division had taken corrective actions.

**Procurement**

**Finding No. 1: General Procurement Requirements**

Chapter 287, Florida Statutes, related rules, and Federal regulations establish uniform procurement requirements for State agencies, which provide reasonable assurance of economical and ethical procurement of commodities and contractual services. Some example requirements include the following:

- Section 287.057(3)(a), Florida Statutes, provides that when the purchase price of commodities exceeds the threshold amount provided in section 287.017, Florida Statutes for Category Two,<sup>1</sup> no purchase of commodities or contractual services may be made without receiving competitive sealed bids, competitive sealed proposals, or competitive sealed replies, unless the agency head determines in writing that an immediate danger to the public health, safety, or welfare, or other substantial loss to the State requires emergency action. Such emergency

<sup>1</sup> The Category Two purchasing threshold was set at \$35,000.

procurement shall be made by obtaining pricing information from at least two prospective vendors, which must be retained in the contract file, unless the agency determines in writing that the time required to obtain pricing information will increase the immediate danger to the public health, safety, or welfare, or other substantial loss to the State.

- The Chief Financial Officer<sup>2</sup> requires that noncompetitive procurements and competitive procurements that result in less than two responses must be supported by a detailed price and cost analysis to demonstrate the economy of the procurement.
- OMB Circular A-87 requires that, if Federal funds are used, costs must be allocable to Federal awards under the provisions of the Circular and must conform to any limitations or exclusions set forth in the terms and conditions of the applicable Federal award.

State agencies are required to maintain detailed documentation of actions taken and decisions made relevant to procurement to allow a demonstration of compliance with governing laws, rules, and contractual requirements and to ensure public confidence in the process by which commodities and contractual services are procured. In our report No. 2008-177, we recommended that the Department and the Division complete and maintain all required documentation to demonstrate compliance with applicable laws, rules, and regulations and to demonstrate that procurements were made without favoritism and were awarded equitably and economically.

During the period July 2009 through February 2011, the Division's expenditures totaled approximately \$43.7 million for contractual services and tangible personal property acquisitions. As part of our audit, we reviewed Division procurement records for ten procurements, totaling approximately \$1.4 million associated with the selected expenditures.

Our audit disclosed that for six of ten procurements, the Division did not always comply with applicable laws, rules, regulations, and Division procedures. The noncompliance issues included the following:

- In one instance, the Division competitively procured five semi-trailers for \$279,760 with Federal Emergency Management Agency (FEMA) 2009 Emergency Management Performance Grant (EMPG) funds in May 2010:
  - The EMGP work plan, submitted to FEMA in December 2010, included the Division's budgeted amount of \$100,000 for the purchase of five semi-truck trailers. The Division subsequently submitted an updated work plan to FEMA in March 2011, which increased the budgeted amount to \$240,000. The Division in March 2011 incorrectly reported to FEMA the amount of this purchase. The report indicated that the applicable project status as complete with the purchase of five semi-trailers at \$100,000.
  - Contrary to Division procedures and Florida Statutes, detailed documentation, such as a dated sign-in sheet with the signatures of the bid evaluation team members, was not completed or maintained in the procurement records. Bid evaluation team members were responsible for reviewing and rating the bid responses received.
- In one instance, the Division restricted the solicitation to not-for-profit corporations only. However, pursuant to Chapter 2009-81, Laws of Florida, only one of the four deliverables (or \$250,000 out of \$400,000) specified in the request for proposal (RFP) was subject to the legal restriction.
- In two instances totaling \$353,350, less than two responses were received, and the Division did not maintain documentation that the required price and cost analyses were completed.
- In one instance for an emergency procurement to repair the Internet system on a State mobile command vehicle, totaling \$44,023, documentation was not maintained of the Division Director's written determination that an immediate danger to the public health, safety, or welfare, or other substantial loss to the State required emergency action.

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<sup>2</sup> Chief Financial Officer Memorandum No. 04 (2005-06).

- In one instance, the Division purchased six motor vehicles for a total of \$164,747, using a State term contract with FEMA 2010 Emergency Management Performance Grant funds in October 2010. In the work plan submitted to FEMA in May 2010, the Division requested funding to replace vehicles that were at least 5 years old and had at least 150,000 miles. However, Division records (DMS Form MP 6301 – Request for Purchase of Mobile Equipment) indicated that two of the six vehicles replaced had not met the mileage requirement (i.e., the vehicles had 139,278 and 126,216 miles, respectively).

Additional monitoring by management could provide greater assurance of compliance with applicable Division procedures and purchasing laws, rules, regulations, and grant agreement provisions.

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**Recommendation:** We recommend that management more closely monitor staff compliance with applicable purchasing laws, rules, regulations, grant agreement provisions, and related Division procedures.

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**Finding No. 2: Payments for Goods and Services**

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Section 287.058(1), Florida Statutes, provides that in lieu of a written agreement, the Department of Management Services (DMS) may authorize the use of a purchase order (PO) for classes of contractual services in excess of \$25,000 (or \$35,000 effective July 1, 2010). DMS has provided standard PO terms and conditions for use within the MyFloridaMarketPlace. The Department established procedures to allow a PO to be issued in lieu of a written agreement, and those procedures required that the PO set forth all terms and conditions. The procedures also required that the vendor be contacted for instructions on return of goods or correction of service, if items received were damaged, incorrect, or nonconforming to the PO terms and conditions.

As part of our audit, we reviewed Division records for the payment of approximately \$1.08 million related to the same ten Division procurements referenced in Finding No. 1. Our audit disclosed that, for five of the ten procurements, the services received or the payments made for the goods or services received were not in accordance with the approved PO terms and conditions. Specifically:

- For one procurement, the services provided exceeded those authorized, and the Division's actual payments were \$268,550, \$5,200 more than the amount approved in the PO. The Division was not able to provide a PO properly amended to authorize the additional services and cost.
- For one procurement, the Division did not verify that the advertising services delivered were in accordance with the PO terms and conditions. According to the PO, the Division agreed to pay \$93.75 each for commercials, and to receive one radio commercial per hour that was to be aired during the prime afternoon drive hours of Monday through Friday, 2PM to 6PM, from January 2010 through March 2010 (i.e., 320 commercials at a cost of \$30,000 per month). Additionally, the PO provided for the receipt of one in-kind matching radio commercial per hour during the prime morning drive hours of Monday through Friday, 6AM to 10AM, to be aired on 4 radio stations from January 2010 to March 2010. On March 25, 2010, the vendor was paid \$90,000. Our examination of available Division records disclosed:
  - The Division's supporting documentation for the payment included an invoice with the names of the radio stations (on which the commercials were supposed to be aired), but did not include any evidence or certification that all radio commercials had been aired in accordance with the PO terms and conditions.
  - Subsequent to our audit inquiry, the Division obtained affidavits in April 2011, from the four radio stations, for commercials aired in January 2010. Our review of the affidavits disclosed that the Division paid \$5,625 for 60 commercials that aired during the hours of 10AM to 2PM, outside the prime afternoon drive hours of 2PM to 6PM. In addition, 142 of the 320 in-kind commercials were aired outside<sup>3</sup> the prime morning drive hours of Monday through Friday of 6AM to 10AM.

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<sup>3</sup> A total of 97 commercials were aired Monday through Friday, 10AM to 2PM or 2PM to 8PM; and 45 commercials were aired Saturday or Sunday.

- As of January 24, 2012, the Division had not received the affidavits from the radio stations for commercials aired in February and March 2010, for which the Division paid \$60,000 on March 25, 2010.
- For three procurements totaling \$97,960, the Division purchased 65 laptop computers under a State term contract, which specified a minimum discount of 40 percent of the manufacturer's current selling price for laptop computers and additional hardware or services. The manufacturer's selling price at the time of purchase for the 65 laptop computers totaled \$139,851. After applying the 40 percent discount, the Division should have paid \$83,911, resulting in an overpayment of \$14,049.

Division staff did not always follow established procedures to properly amend POs for additional service or to verify that goods or services conformed to contractual terms and conditions. Absent compliance, the Division may not receive conforming goods or services or pay the amounts actually due.

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**Recommendation:** The Division should obtain and review supporting documentation to ensure that goods or services are received in accordance with all contractual terms and conditions. Additionally, we recommend that the Division process PO amendments when needed to authorize the purchase of additional needed goods or services.

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### Finding No. 3: Employee Independence Attestations

For procurements in excess of \$25,000 (or \$35,000 effective July 1, 2010) accomplished without competition, Section 287.057(19), Florida Statutes, requires that individuals taking part in the contractor selection process<sup>4</sup> attest in writing that they are independent of, and have no conflict of interest in, the entities evaluated and selected.

While Florida law does not require written independence attestations for procurements made through competitive means, good business practices suggest the execution of such written attestations for individuals taking part in the contractor selection process. In report No. 2008-177, we recommended that the Division adopt procedures requiring that, for contracts valued in excess of \$25,000,<sup>5</sup> all staff involved in the contractor selection process attest in writing as to their independence and impartiality. In the Division's Six-Month Response on the status of corrective actions taken, the Division indicated that it had updated the procurement process to require that conflict of interest attestations be completed by all Division staff involved in vendor selection. However, our audit disclosed that the Division had not adopted such procedures in writing.

As part of our audit, we reviewed applicable Division procedures and records for six of the ten procurements referenced in finding No. 1. The contract amounts for these six procurements totaled \$1.13 million. We noted the following:

- For two procurements, written attestations were not on file for any of the 5 individuals involved in the vendor selection process.
- For four procurements, written attestations were not on file for 9 of the 17 individuals involved in the vendor selection process.

Absent the completion of conflict of interest attestations, there is an increased risk that procurements may not be made impartially and in the best interest of the taxpayers.

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<sup>4</sup> Pursuant to Section 287.057(19), Florida Statutes, the contractor selection process consists of the development or selection of criteria for evaluation, the evaluation process, and the award process.

<sup>5</sup> \$35,000 effective July 1, 2010, pursuant to section 287.017, Florida Statutes.

**Recommendation:** We recommend that the Division take steps to ensure that for procurements valued in excess of \$35,000, all staff involved in the contractor selection process, attest in writing as to their independence and impartiality.

### Tangible Personal Property Accountability

The Division's accountability for tangible personal property required improvement. Periodic inventories were not performed, documentation of surplus property dispositions was incomplete, and property acquisitions were not properly recorded. The absence of these controls reduced management's ability to account for, safeguard, and report tangible personal property.

#### **Finding No. 4: Annual Physical Inventory**

Section 273.02, Florida Statutes, provides that the Chief Financial Officer shall establish by rule the requirements for the recording of property in the FLAIR Property Subsystem (property records) and for the periodic review of property for inventory purposes. According to property records, as of February 2011, the acquisition cost of Department property totaled approximately \$9.6 million, including that of Division property totaling approximately \$7.2 million.

To ensure proper accountability and safeguarding of tangible personal property, rules adopted by the Chief Financial Officer<sup>6</sup> require that:

- State agencies complete a physical inventory of property at least once each fiscal year.
- The form used to record the physical inventory (inventory form) shall display certain information.<sup>7</sup>
- Upon completion of the physical inventory, the data on the inventory forms shall be compared with the individual property records, and any noted differences shall be investigated and corrected as appropriate.
- Items not located during the inventory process shall be reported to the custodian and the custodian shall cause a thorough investigation to be made. Items not located after the investigation shall be reported to the appropriate law enforcement agency.
- A State agency must seek approval from Department of Financial Services (DFS) to remove missing property from property records, and upon such approval, make the appropriate adjustments.

In audit report No. 2008-177, we recommended that the Department and the Division take steps to ensure that all aspects of an annual physical inventory were timely completed, including the search for missing property items, notification of the appropriate law enforcement agency, as applicable, and the recording of appropriate adjustments to property records upon approval from DFS. In response to the audit report, the Department and the Division identified corrective actions that were to be taken to address these deficiencies.

As part of our audit, we reviewed Department records of the most recent annual physical inventory conducted, in April 2010, for the Office of the Secretary (including all administrative offices), the Division of Community Planning,

<sup>6</sup> Department of Financial Services Rule 69I-72.006, Florida Administrative Code.

<sup>7</sup> At a minimum, the form shall display date of current inventory, name and signature of the person who conducted the current inventory, item identification number, existence of item (or indication that the item was not located), description of the item, present condition of the item, physical location, name of custodian responsible for item, State standard class code, number and description of component items comprising a group, name, make or manufacturer, year and/or model, manufacturer's serial number, and date acquired.

and the Division of Housing and Community Development.<sup>8</sup> Our review of the inventory records disclosed the following deficiencies:

- The Department's inventory form did not contain all required information. Specifically, the form did not contain the following:
  - State standard class code;
  - Number and description of component items comprising a group;
  - Year and/or model;
  - Manufacturer's serial number; and
  - Date acquired.
- Upon request, the Department could not provide evidence that the results of the inventory had been reconciled to the individual property records. Department staff indicated that an annual inventory for 2011 had begun but not been completed (e.g., no comparison was made to the individual property records) prior to the elimination of the Department on October 1, 2011.

As part of our audit, we also reviewed Division inventory procedures and records. Our audit disclosed:

- Section 215.93(2), Florida Statutes, provides that agencies do not have the authority to establish or maintain additional subsystems which duplicate any of the information in Subsystems of the Florida Financial Management Information System. Notwithstanding the provisions of Section 215.93(2), Florida Statutes, in November 2008, the Division created an access database (database) to account for Division property. Our review disclosed that the database was not reconcilable to the FLAIR property records.
- The Division, contrary to the requirements of DFS rules, had not completed an annual physical inventory for 2009 or 2010. As of January 24, 2012, Division management indicated that an annual physical inventory for 2011 was near completion.

Periodic inventories are necessary to ensure accountability and the safeguard of State-owned assets. Absent the performance of the inventories and the related processes, there is reduced assurance that the loss of assets and record errors will be timely detected and corrective actions taken.

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**Recommendation:** We recommend that Division management take steps to ensure that all aspects of an annual physical inventory are timely completed.

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#### **Finding No. 5: Surplus Tangible Personal Property**

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Section 273.05, Florida Statutes, provides that:

- Each custodian shall appoint one or more review boards to make recommendations to approve or disapprove the classification of excess property as surplus.
- Property determined to be surplus is to be certified as such by the custodian.
- The custodian shall maintain records of property that is certified as surplus and the records shall include information indicating the value and condition of the property.

Pursuant to Section 273.055, Florida Statutes, certified surplus property shall not be disposed of without prior written authority of the custodian, and custodians shall maintain records to identify each property item as to disposition. In

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<sup>8</sup> Effective October 1, 2011, pursuant to Laws of Florida 2011-142, the Office of the Secretary was eliminated and the Division of Community Planning and the Division of Housing and Community Development were transferred to the Department of Economic Opportunities.

addition, DFS Rule<sup>9</sup> requires the following information be shown on the property records for each item lawfully disposed of:

- Date, authority, and manner of disposition;
- Identity of employee witnessing the disposition; and
- A notation identifying any related transactions (such as receipt for sale of the item, insurance recovery, or trade-in).

The Department had written procedures for the property disposition which<sup>10</sup> required that:

- For property determined by custodian's delegate to be excess, the custodian's delegate was to complete Declaration of Excess Property Form;
- The Surplus Property Review Committee<sup>11</sup> (Committee) was to review the excess property condition determination and make disposal recommendation;
- The Custodian (agency head) was to certify the condition of the property and the disposition actions approved by the Committee prior to disposal action; and
- The Property Manager was to maintain adequate property records for each property item offered for surplus or transfer, including a Declaration of Excess Property Form and a Property Transfer Form, where applicable, the Committee recommendation on the property, the Custodian's certification of the property, and records of the disposal.

In addition, with respect to information technology, Department Information System Services (ISS) procedures<sup>12</sup> required that all computer hard drives be removed from computers to be disposed of, and the removal was to be certified by ISS staff prior to any transfer or disposal. A copy of this certification was to be made a part of the property disposition or transfer file maintained by the Property Manager.

Our review of the process used by the Department for the surplusing and disposition of tangible personal property disclosed that, contrary to law and established procedure, the Department had not established a Surplus Property Review Committee to approve or disapprove surplus items. Instead, the Department relied on each Division, within the Department to determine when to surplus property items. We also noted that the Department did not always maintain adequate property records for surplus property items. For example, as part of our audit, we reviewed Department and Division records related to the laptop computers replaced during July 2009 through February 2011. Based on the procurement documentation and FLAIR property records, the Division replaced 58 laptop computers, which had been acquired during the period February 2003 through May 2008 with costs totaling \$97,440. Our review disclosed the following:

- For 42 of 58 laptop computers, neither the Department nor the Division was able to provide the Division's completed Declaration of Excess Property Forms. Subsequent to audit inquiry, the Division completed the Form for 34 property items on April 7, 2011, which included 6 of the 42 laptop computers.
- For 52 of the 58 laptop computers, the Department was unable to locate the property or, alternatively, provide disposition records. The Department provided receipts from a recycling center, which listed 54 laptop computers, but the receipts did not include property identification (ID) numbers or serial numbers.

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<sup>9</sup> DFS Rule 69I-72.005(2), Florida Administrative Code.

<sup>10</sup> Department Administrative Procedure 1302.1C, Property Disposition Procedure, effective May 18, 1998.

<sup>11</sup> The Surplus Property Review Committee is to be composed of: the Assistant Secretary; Administrative Services Director; a designated attorney from the Department's legal staff; Finance and Accounting Director; Purchasing Director; Property Manager; and the Information System Services Administrator when applicable.

<sup>12</sup> Desktop Computer Setup Procedures, effective November 3, 2010.

- For 42 of the 52 laptop computers, the Department was unable to provide documentation certifying that hard drives were properly removed from the computers prior to disposal.

According to Department records, the property acquisition costs deleted from the FLAIR property records from July 2009 through February 2011 were approximately \$742,170, of which \$424,316 (or 57% percent) was for the Division property.

Absent complete surplus property records, management cannot demonstrate that State property has been accounted for and safeguarded in the manner required by laws, rules, and Division procedures. In addition, the loss of accountability for the laptop computers introduces the risk of unauthorized disclosure of confidential information.

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**Recommendation:** We recommend that Division management monitor staff compliance with procedures for certification and disposition of surplus property.

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### Finding No. 6: Tangible Personal Property Records

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DFS Rule 69I-72, Florida Administrative Code, requires State agencies to record in the State's financial system all State-owned tangible personal property with a value or cost of \$1,000 or more and a projected useful life of one year or more. As shown by **Exhibit A**, the Rule also provides additional property record requirements.

In addition, the Chief Financial Officer<sup>13</sup> requires State agencies to comply with the Statewide Financial Statement Capital Asset Policy which is shown by **Exhibit B**.

Department procedures provide that the FLAIR Property Subsystem (Property Records) is the official record for property in the custody of Department and its employees. According to the FLAIR property manual, for property acquisitions meeting established criteria (i.e., FLAIR transactions with Object Code 51XXXX), a FLAIR property pending file (pending file) is to be created and maintained until such time that all required information, including the property ID number, is added. The pending file is a temporary "holding" file that contains identifying property information. Upon appropriate completion of all required information, the property item is to be added to the FLAIR Property Subsystem and deleted from the pending file.

Although Florida law and rule do not specify a time frame, best business practice would require the custodian agency to timely add acquired tangible personal property to the property records. For the purpose of our testing, we considered property to have been timely recorded if it was recorded in the Property Records within 30 days of receipt of tangible personal property.

Based on FLAIR accounting records, Department expenditures for tangible personal property during the period July 2009 through February 2011, totaled approximately \$2 million for 831 transactions, of which approximately \$1.8 million related to Division purchases. Our review of 25 expenditure transactions totaling \$1,278,328 disclosed the following:

- For 15 transactions, totaling \$786,749, although the 100 acquired property items were added to the Property Records, we noted the following:
  - None of the 100 property items was timely recorded in the Property Records. The items were added to the Property Records 57 to 633 days after the dates the items were received. (Please see **Exhibit C** for additional details.)

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<sup>13</sup> Chief Financial Officer Memorandum No. 03, 2007-2008.

- For all 100 property items, required information was either inaccurately or incompletely recorded in the Property Records. (Please see **Exhibit C, Columns A – J.**)
- For three property items totaling \$11,423, the Department and Division were unable to locate the property. The items included two Division items (an 8-foot conference table and a 57-inch LCD monitor) costing \$9,646, and one Department item (a Dell E6500 laptop computer) with an acquisition cost of \$1,777.
- For 31 property items totaling \$114,626, the acquisition cost did not include all ancillary charges directly attributable to asset acquisition and placing the asset in service. Specifically:
  - For 28 Division property items with recorded acquisition costs totaling \$106,684, ancillary costs such as parts, freight, and installation charges totaling \$9,434 were not included in the recorded acquisition costs.
  - For three Department property items with recorded acquisition costs totaling \$7,942, ancillary costs such as freight and installation charges totaling \$205 were not included in the recorded acquisition costs.
- For 82 property items totaling \$470,699, which were received prior to May 31, 2010, the Department did not report depreciation for the fiscal year ended June 30, 2010. Based on monthly straight-line depreciation and useful lives obtained from the FLAIR property manual, we determined that:
  - For 79 Division property items totaling \$462,552, the accumulated depreciation account was understated by approximately \$41,000 at June 30, 2010.
  - For three Department property items totaling \$8,147, the accumulated depreciation account was understated by approximately \$3,000 at June 30, 2010.
- For ten transactions, totaling \$491,579, the 95 Division-acquired property items had not been added to the Property Records as of February 28, 2011. (See **Exhibit D.**) Specifically:
  - For 26 items totaling \$83,915, the property items were not in the property pending file or in the Property Records as of February 28, 2011. Items included a 320GB Digital Video Recorder (\$4,399), 2 security cameras (\$4,202), a conference table (\$2,410), a dishwasher (\$5,403), and a convection oven (\$8,655). According to Division records, these property items had been in Division possession for periods ranging from 152 to 578 days as of February 28, 2011. (See **Exhibit D, Column A**)
  - For 69 items totaling \$407,664, the property items had been in the property pending file for periods ranging from 111 to 525 days as of February 28, 2011. (See **Exhibit D, Column B.**)
  - For 80 items totaling \$454,407, Division staff were unable to locate the property for our physical inspection. (See **Exhibit D, Column C.**) Items included a mobile communication device (\$148,800), a security system (\$21,276), a 320GB Digital Video Recorder (\$4,399), 2 security cameras (\$4,202), a communication system (\$32,592), 5 long-range portable radios with charging stations (\$45,103), a conference table (\$2,410), video editing equipment (\$162,070), and 18 laptop computers (\$30,416).
  - For 60 items totaling \$259,512 the property costs in the property pending file excluded ancillary costs totaling \$13,260, such as the cost of parts, freight, and installation.
  - For 20 items totaling \$250,933 that were received prior to May 31, 2010, the Division did not report accumulated depreciation totaling approximately \$29,000 for the fiscal year ended June 30, 2010, based on monthly straight-line depreciation and useful lives obtained from the FLAIR property manual.

Absent proper recording (including the property ID number) of acquired tangible personal property and supervisory review of property pending and property files, management's ability to account for, safeguard, and report upon property is substantially impaired.

**Recommendation:** We recommend that management take steps to ensure that property acquisitions are recorded in the Property Records in a timely, accurate, and complete manner. We also recommend that further investigations be made to determine the location of the missing property items.

**Finding No. 7: Generators**

Pursuant to Sections 252.35(2)(s) and 252.35(2)(t), Florida Statutes, the Division is required to maintain an inventory list of State and local government-owned generators, which are capable of operating during a major disaster. The inventory list must identify, at a minimum, the location of each generator, the number of generators stored at each specific location, the agency to which each generator belongs, the primary use of the generator by the owner agency, and the names, addresses, and telephone numbers of persons having the authority to loan the stored generators as authorized by the Division during a declared emergency.

Our review of Division records indicated that the Division had created a list of emergency generators in December 2006 showing 705 generators, 12 from 7 State agencies and 693 from 37 counties. However, the list had not been reviewed or updated since that date. Notable omissions included generators purchased by the Division since July 2006. Based on FLAIR accounting records, the Division had expended approximately \$71 million, of which approximately \$45 million was Federally-funded (CFDA No. 97.039, Hazard Mitigation Grant Program), to purchase generators for local governments, for use at special-needs shelters during emergencies. Also, omitted from the list were generators leased by the Division for deployment during disasters.

Division staff indicated that the following causes contributed to the Division’s not updating the inventory:

- The Division’s understanding of the law was that the inventory was only required to be completed one time;
- The inventory requirements were unfunded;
- The results of the initial inventory were poor;
- Most generators reported on the December 2006 list were not large enough to be used during a disaster; and
- The Division does not rely on generators owned by local governments; instead the Division has contracts in place to lease generators during disasters.

Absent an accurate and complete inventory, the Division cannot demonstrate its compliance with governing Florida law.

**Recommendation:** We recommend that the Division establish procedures to ensure that the generator inventory is periodically updated to accurately account for generators owned by State and local governments capable of operating during a major disaster.

**Other Administrative Issues**

**Finding No. 8: Documentation of Travel Expenditures**

The Division incurred approximately \$1.8 million in travel expenditures from July 2009 through February 2011. These expenditures included car rental fees, fuel charges, hotel charges, airfare, employee reimbursements for mileage and meals, and training and registration fees. A summary of the travel expenditures is included in Table 1.

**Table 1**  
**Summary of Travel Expenditures**  
**July 2009 through February 2011**

Division	
In-State travel	\$ 1,657,248
In-State training	70,964
Out-of-State travel	95,440
Out-of-State training	<u>7,854</u>
<b>Total</b>	<b><u>\$ 1,831,506</u></b>

Source: FLAIR.

The Division was responsible for submitting requests for payments, including those related to requests for travel advances and reimbursements and purchasing card transactions, to the Department’s Fiscal Management Office. The Division was also responsible for ensuring that accompanying documentation demonstrated compliance with all applicable laws, rules, and regulations. Fiscal Management Office staff were to review each request for payment and determine if the request met the applicable legal requirements, based on the accompanying documentation. If additional documentation was needed, the Fiscal Management Office was to return the request package to the originator for revision, explanation, or submission of additional documentation.

Section 112.061, Florida Statutes, establishes standard travel procedures, reimbursement rates, and limitations, with certain justifiable exceptions and exemptions, applicable to all public officers, employees, and authorized persons whose travel is authorized and paid by a public agency. Section 112.061(3), Florida Statutes provides specific requirements for travel authorizations. Pursuant to Section 112.061(11), Florida Statutes, the Department of Financial Services furnishes a standard travel authorization request form and a standard travel voucher form that is to be used by all State agencies.

In our report No. 2008-179, we recommended that the Department and the Division take steps to ensure that all required documentation is completed and maintained and that requests for payment for travel expenses (including purchasing card payments) comply with all applicable laws, rules, and regulations.

As part of our current audit, we reviewed 76 Division travel expenditure transactions totaling \$15,698, to evaluate Division compliance with applicable laws, rules, regulations, and policies and procedures. The transactions included advances and reimbursements to employees, payments made to vendors and contractors, and transactions paid by purchasing card. Our tests disclosed that weaknesses continued to exist in the processes for review, approval, and documentation of Division travel expenditures. Specifically:

- For 15 Division transactions totaling \$4,066, the travel was not properly authorized:
  - For three transactions totaling \$1,690, travel authorization occurred 1 to 5 days after the travel had begun.
  - For two transactions for travel of two nights or more, totaling \$847, travel authorizations were prepared, but not approved by supervisors.
  - For ten transactions, totaling \$1,529, travel vouchers were paid without travel authorizations.
- For six transactions totaling \$800, travel vouchers lacked a supervisor’s signature and supporting documentation such as a sufficient agenda or description of activities carried out during the travel period.

Absent adequate documentation, the Division may not be able to demonstrate that travel expenditures conformed to governing requirements of laws, rules, regulations, and policies and procedures.

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**Recommendation:** To facilitate a demonstration of compliance with applicable laws, rules, regulations, and policies and procedures, we recommend that the Division take steps to ensure that required documentation is completed and maintained for travel expenditures.

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### 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 2011 to June 2011 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 procurement and asset management activities of the Department and the Division and included a follow-up on prior audit findings. The overall objectives of the audit were:

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.
- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safe guarding of assets.
- To determine whether the Department and the Division corrected, or was in the process of correcting, the deficiencies disclosed in our report Nos. 2008-177 and 2008-179.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit included examination of transactions (as well as events and conditions) occurring during the period, July 2009 through February 2011, and selected actions taken through January 2012. In conducting our audit we:

- Obtained an understanding of the Department and the Division internal controls over the procurement and asset management processes, and evaluated whether selected controls were appropriately designed, implemented, and operating effectively.
- Examined Department records for 11 procurements totaling \$1,445,539 made during July 2009 through February 2011 for contractual services and tangible personal property to determine whether goods and services were procured in accordance with governing laws, rules, and Department and Division policies and procedures, and served an authorized purpose of the State.
- Tested 37 tangible personal property expenditure transactions totaling \$1,341,814 and incurred during July 2009 through February 2011, to determine whether the Department and the Division ensured that transactions recorded in the FLAIR property records were accurate, complete, authorized, timely recorded, correctly coded (i.e., appropriate funding source, fiscal period, Object Code, etc.), and supported by adequate documentation.

- Analyzed the Department and Division processes to ensure that surplus property was properly documented and disposed of.
- Examined Division records for 58 replaced laptop computers to determine whether Division properly complied with laws, rules, and Department procedures for certification and disposition of surplus property.
- Evaluated the Department's and the Division's corrective actions taken to resolve the findings disclosed in our report No. 2008-177. Specifically, we:
  - Evaluated the Department and Division processes to ensure that all applicable procurement documentation was properly maintained, and that written attestations of independence were completed for all employees with vendor selection responsibilities.
  - Evaluated the Department and Division processes to ensure that all required aspects of the annual physical inventory were timely completed.
  - Reviewed the Division's motor vehicle records to determine whether motor vehicle information was entered into the equipment management information system in a complete and accurate manner.
- Obtained an understanding of Department procedures for administering the Purchasing Card Program, Travel Revolving Fund, travel expenditures, and FLAIR user access privileges.
- Interviewed Department and Division staff to gain an understanding of the processing of purchasing card payments, Travel Revolving Fund controls, travel authorization and reimbursement, and FLAIR access controls.
- Reviewed Department and Division records to determine if the Department and the Division had corrected the deficiencies and implemented the recommendations listed in our report No. 2008-179.
- Examined 91 travel vouchers for allowability of costs, duplicate payments, appropriateness of the method of travel, the source of funds, required documentation, and the timeliness of payment processing, approvals, and authorization.
- Reviewed Travel Revolving Fund controls including reconciliation procedures, travel advance monitoring, and operating fund balance level.
- Examined Department and Division records of purchasing card usage and documentation for 13 purchasing card charges made by 12 cardholders with extensive purchasing capabilities.
- Reviewed the adequacy of Division controls related to the access to purchasing cards held for emergency use and the purchasing cards issued to community response reservists.
- Identified and reviewed purchasing card profiles for 95 cardholders, who had separated from the Department or Division from July 2009 through February 2011, to determine the timelines of cancellation or deactivation of purchasing cards.
- Reviewed 107 active reservists' purchasing card profiles to determine the timeliness of the deactivation of purchasing cards.
- Analyzed the timelines of review and approval of purchasing card transactions for the period July 2009 through February 2011.
- To determine the existence of incompatible or excessive FLAIR access privileges, reviewed FLAIR user access privileges for 116 employees with significant update capabilities.
- To determine the timeliness of the deactivation of FLAIR access privileges, reviewed FLAIR access control files for 12 employees who terminated employment during the period July 2009 through February 2011.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Communicated on an interim basis with applicable agency officials to ensure the timely resolution of issues involving controls and noncompliance.

- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe those matters requiring corrective actions.

**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.



David W. Martin, CPA  
Auditor General

**MANAGEMENT'S RESPONSE**

In a response letter dated February 27, 2012, the Director of the Division provided a response to our preliminary and tentative audit findings. The Director's response is included as **Exhibit E**.

**EXHIBIT A**

**Property Record Requirements under Department of Financial Services Rule**

- Each item of property shall be accounted for in a separate property record. Related individual items, which constitute a single functional system, may be designated as a property group item. A property group item may be accounted for in one record if the component items are separately identified within the record.
- Each property record shall include the following information:
  - Identification number;
  - Description of item or items;
  - Physical location;
  - Name of custodian or custodian’s delegate with assigned responsibility for the item;
  - Class code;
  - For a property group, the number and description of the component items comprising the group;
  - Name, make or manufacturer, if applicable;
  - Year and/or model(s), if applicable;
  - Manufacturer’s serial number(s), if any, and if an automobile, vehicle identification number (VIN) and title certificate number, if applicable;
  - Date acquired;
  - Cost or value at the date of acquisition for the item or the identified component parts thereof;
  - Method of acquisition and, for purchased items, the statewide document (voucher) number obtained from the State’s financial system; and
  - Date the item was last physically inventoried and the condition of the item at that date.
- Depreciation shall be recorded to meet financial reporting requirements relating to depreciation accounting.
- Each property item shall be permanently marked with the identification number assigned to that item to establish its identity and ownership by the custodian holding title to the item. The marking shall visually display the property identification number of the item and may include an electronic scanning code (“barcode”) to facilitate electronic inventory procedures.

Source: Department of Financial Services Rule 69I-72, Florida Administrative Code.

**EXHIBIT B**

**Property Record Requirements under Statewide Capital Asset Policy**

- Capital assets are to be reported at historical cost. Historical cost includes charges which are necessary to place the asset into its intended location and condition for use, and that are directly attributable to the acquisition. Such charges include: freight and transportation cost; site preparation cost (parts and labor); and professional fees.
- For depreciating capital assets, the custodian agency is responsible for the following:
  - Estimating the useful life of each capital asset;
  - Assigning the property class code that matches the estimated useful life of the asset;
  - Scheduling the depreciation calculation at fiscal year-end prior to closing using the FLAIR property subsystem; and
  - Recording its assets in the correct general ledger codes. (Additionally, FLAIR procedures manual provides that tangible personal property is to be coded as Object Code 51XXXX in FLAIR.)

Source: Chief Financial Officer Memorandum No. 03, 2007-2008.

EXHIBIT C

Recap of Tangible Personal Property Expenditure Test Results

Finding No. 6

Expenditure Transaction	Department or Division (1)(2)	Amount	Number of Property Items Acquired in Transaction	Timely Recorded in Property Records?	No. of Days from Property Receipt to FLAIR Input	Compliance Issue (3)									
						A	B	C	D	E	F	G	H	I	J
1	Division	\$ 2,656	1	No	167			X		X		X	X		X
2	Division	88,760	8	No	93	X	X	X	X		X	X	X	X	X
3	Division	10,979	1	No	168	X	X	X	X	X	X	X	X	X	X
4	Division	50,550	20	No	364	X	X	X	X		X	X	X	X	X
5	Division	279,760	4	No	141	X	X	X	X		X	X	X	X	X
6	Division	6,415	1	No	463	X	X	X	X		X	X	X	X	X
7	Division	1,915	1	No	195	X	X	X	X		X	X	X	X	X
8	Division	34,000	4	No	195	X	X	X	X	X	X	X	X	X	X
9	Division	2,750	1	No	57			X			X		X		X
10	Division	43,102	24	No	633	X	X	X	X		X	X	X	X	X
11	Division	24,443	23	No	233	X	X	X	X		X	X	X	X	X
12	Division	68,580	3	No	220			X							X
13	Division	164,747	6	No	88										X
14	Department	4,593	1	No	217			X			X				X
15	Department	3,499	2	No	318				X	X					X
<b>Total No. of Items</b>			100			86	86	92	88	8	88	87	88	86	100
<b>Total Amounts</b>		<b>\$ 786,749</b>				<b>\$ 539,924</b>	<b>\$ 539,924</b>	<b>\$ 618,504</b>	<b>\$ 543,423</b>	<b>\$ 51,135</b>	<b>\$ 547,267</b>	<b>\$ 542,581</b>	<b>\$ 545,331</b>	<b>\$ 539,924</b>	<b>\$ 786,749</b>

Source: FLAIR Property File.

- (1) Department: Department excluding Division of Emergency Management.
- (2) Division: Division of Emergency Management.
- (3) Property records were either inaccurate or incomplete for the following:
  - A. Description of the item.
  - B. Physical location.
  - C. Name of the custodian.
  - D. Class code.
  - E. Component items comprising property group.
  - F. Name, make or manufacturer.
  - G. Year and/or model.
  - H. Serial number.
  - I. Method of acquisition.
  - J. Date the item was last physically inventoried.

**EXHIBIT D**

**Unrecorded Division Property Items**

**Finding No. 6**

Expenditure Transaction	Amount	Number of Property Items Acquired in Transaction	No. of Days in Pending File as of February 28, 2011	No. of Days Division Held Property as of February 28, 2011	Compliance Issue (3)		
					A	B	C
1	\$ 148,800	40	154	212		X	X
2	21,276	1	173	186		X	X
3	8,601	3	(2)	426	X		X
4(1)	32,592	7	(2)	185	X		X
5(1)	3,140	0	(2)	152	X		X
6	45,103	9	111	125		X	X
7	2,410	1	(2)	578	X		X
8	162,070	1	525	551		X	X
9	37,172	15	(2)	297	X		
10	30,416	18	258	269		X	X
<b>Total No. of Property Items</b>		<b>95</b>			<b>26</b>	<b>69</b>	<b>80</b>
<b>Total Amounts</b>	<b>\$ 491,579</b>				<b>\$ 83,915</b>	<b>\$407,664</b>	<b>\$ 454,407</b>

Source: FLAIR Expenditure Detail and Property Pending Files.

- (1) Invoices were for the same property group, therefore, the number of acquired property items is only stated in the first transaction shown.
- (2) Items were not in the FLAIR property pending file as of February 28, 2011.
- (3) Specific compliance issues included the following:
  - A. Property was not recorded to the FLAIR property pending file.
  - B. As of February 28, 2011, property in the FLAIR property pending file had not been added to Property Records.
  - C. Property item could not be physically located.

**EXHIBIT E**  
**MANAGEMENT'S RESPONSE**



STATE OF FLORIDA  
**DIVISION OF EMERGENCY MANAGEMENT**

RICK SCOTT  
Governor

BRYAN W. KOON  
Director

February 27, 2012

David W. Martin, CPA  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

This letter is to provide the Division's responses to the preliminary and tentative findings dated January 27, 2012, regarding the Division of Emergency Management, Procurement, Asset Management, and Administrative Issues, Operational Audit.

**Finding #1: General Procurement Requirements**

**Recommendation:** We recommend that management more closely monitor staff compliance with applicable purchasing laws, rules, regulations, grant agreement provisions, and related Division procedures.

**Response:** *FDEM will take steps to review internal business processes to more closely monitor staff compliance with applicable purchasing laws, rules, regulations, and grant provisions.*

**Finding #2: Payments for Goods and Services**

**Recommendation:** The Division should obtain and review supporting documentation to ensure that goods or services are received in accordance with all contractual terms and conditions. Additionally, we recommend that the Division process PO amendments when needed to authorize the purchase of additional needed goods or services.

**Response:** *FDEM will take steps to review internal business processes to ensure that goods and services are received in accordance with contractual terms and conditions. On January 30, 2012, FDEM furnished affidavits for February and March 2010 that radio station commercials aired in accordance with the terms and conditions of the service deliverables.*

**Finding #3: Employee Independence Attestations**

**Recommendation:** We recommend that the Division take steps to ensure that for procurements valued in excess of \$35,000, all staff involved in the contractor selection process, attest in writing as to their independence and impartiality.

**Response:** *FDEM has corrected this finding and attestation forms are being completed by all staff involved in the contractor selection process.*

FLORIDA RECOVERY OFFICE • DIVISION HEADQUARTERS • STATE LOGISTICS RESPONSE CENTER  
5800 Lake Ellenor Drive      2555 Shumard Oak Boulevard      2702 Directors Row  
Orlando, FL 32809-4634      Tallahassee, FL 32399-2100      Orlando, FL 32809-5631  
Tel: 850-413-9969 • Fax: 850-488-1016  
[www.FloridaDisaster.org](http://www.FloridaDisaster.org)

**EXHIBIT E**  
**MANAGEMENT'S RESPONSE (CONTINUED)**

**Finding #4: Annual Physical Inventory**

**Recommendation:** We recommend that Division management take steps to ensure that all aspects of an annual physical inventory are timely completed.

**Response:** *FDEM was not the property record custodian during the period of this audit and annual inventory was the requirement of the Department of Community Affairs (DCA). Since FDEM was transitioned under the Executive Office of the Governor and has the responsibility for annual inventory compliance, FDEM has conducted an annual property inventory in conjunction with EOG administration staff. FDEM will ensure annual inventories are completed in a timely manner.*

**Finding #5: Surplus Tangible Personal Property**

**Recommendation:** We recommend that Division management monitor staff compliance with procedures for certification and disposition of surplus property.

**Response:** *Again, FDEM was not the property record custodian during the period of this audit and the certification and disposition of surplus property was the requirement of the Department of Community Affairs (DCA). FDEM provided the surplus property to DCA for certification and disposition. Since FDEM now has the responsibility to certify and dispose of its property, the Division will monitor the certification and disposition process for compliance with Section 273.05 Florida Statutes.*

**Finding #6: Tangible Personal Property Records**

**Recommendation:** We recommend that management take steps to ensure that property acquisitions are recorded in the Property Records in a timely, accurate, and complete manner. We also recommend that further investigations be made to determine the location of the missing property items.

**Response:** *FDEM was not the property record custodian during the period of this audit and recording property records in a timely, accurate, and complete manner was the requirement of the Department of Community Affairs (DCA). Since the Division has taken control of the property records, a coordinated effort with the EOG to locate and update property records is on-going. The Division has located all but one purchase of the missing property list identified by the audit. FDEM is taking steps to ensure property acquisitions are recorded in the property record in a timely, accurately and complete manner.*

**Finding #7: Generators**

**Recommendation:** We recommend that the Division establish procedures to ensure that the generator inventory is periodically updated to accurately account for generators owned by State and local governments capable of operating during a major disaster.

**Response:** *FDEM will seek Legal and/or Legislative clarity as to the interpretation of Section 252.35(2) (s) and (t). FDEM interprets this Section of the Florida Statutes as being vague as to the requirement that the Division update the inventory list of generators on any recurring basis.*

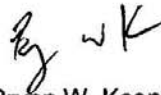
**EXHIBIT E**  
**MANAGEMENT'S RESPONSE (CONTINUED)**

**Finding #8: Documentation of Travel Expenditures**

**Recommendation:** To facilitate a demonstration of compliance with applicable laws, rules, regulations, and policies and procedures, we recommend that the Division take steps to ensure that required documentation is completed and maintained for travel expenditures.

**Response:** *FDEM is in the process of reviewing travel business processes to ensure the required documentation is completed and maintained for travel expenditures*

Sincerely,



Bryan W. Koon, Director  
Division of Emergency Management

BK/cmf  
cc: Candie Fuller, Interim Inspector General