



VIRGINIA DEPARTMENT OF EMERGENCY MANAGEMENT

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2013

Auditor of Public Accounts
Martha S. Mavredes, CPA
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AUDIT SUMMARY

Our audit of the Department of Emergency Management (Emergency Management) for the period July 1, 2012, through June 30, 2013, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- five matters involving internal control and its operations necessary to bring to management's attention;
- four instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- Emergency Management has made progress, but has not completely resolved several findings which are discussed in the section entitled "Status of Prior Year Findings and Recommendations."

During our prior audit, we identified a number of internal control weaknesses in the Finance area that we believed were partially attributable to an inadequate number of trained and qualified staff. We reiterate these concerns based on the results of this audit. We continued to find issues which are either due to poor management, staffing inadequacies, or a combination of both. In addition, we believe some of the issues found in our current audit can also be attributable to a lack of communication, as well as trust, between various divisions in the agency.

With the retirement of the Finance Director in March 2014, Emergency Management is undergoing some organizational changes in the Finance area. Given these changes, management should take this opportunity to examine Finance operations and strengthen current financial management practices.

TABLE OF CONTENTS

	<u>Pages</u>
AUDIT SUMMARY	
STATUS OF INFORMATION TECHNOLOGY TRANSFORMATION	1
AUDIT FINDINGS AND RECOMMENDATIONS:	
<i>Current Year Findings and Recommendations</i>	2-5
<i>Status of Prior Year Findings and Recommendations</i>	5-7
AGENCY OVERVIEW	8-10
INDEPENDENT AUDITOR'S REPORT	11-12
AGENCY RESPONSE	13
AGENCY OFFICIALS	14

STATUS OF INFORMATION TECHNOLOGY TRANSFORMATION

As of April 2014, Emergency Management continues to work with the Commonwealth's Information Technology Partnership and Northrup Grumman (IT Partnership) to reach a solution that meets Emergency Management's high availability and unique systems requirements.

As the two entities work towards a solution, the Commonwealth is paying an additional \$14,000 per month to the IT Partnership to support "legacy assets" that is in addition to Emergency Management's regular monthly service fees to support its non-transformed information technology environment. Legacy assets consists of network devices and components that are not included as the standard service offering outlined in the Comprehensive Infrastructure Agreement (CIA).

The legacy asset additional fee was instituted as part of the April 2010 CIA amendment and became effective January 1, 2011. Emergency Management has incurred these additional fees since then. A fully transformed information technology infrastructure environment typically does not incur legacy asset fees.

Over the past year, Emergency Management and the IT Partnership have developed detailed draft work requests for the transformation solution as well as an estimated cost structure for the project. While these artifacts do not show the final requirements and details of the project, it demonstrates that negotiations are progressing and a final solution is closer. Based on the independent review of project plans, Emergency Management's transformation is scheduled to start later in 2014 and conclude in 2015.

We encourage Emergency Management to continue these negotiations to achieve a fully transformed environment that meets its mission to the citizens of the Commonwealth and eliminates as much of the legacy asset fees as possible. We also recommend that Emergency Management works with the Secretaries of Public Safety and Technology to ensure the final transformed environment meets any budgetary constraints.

AUDIT FINDINGS AND RECOMMENDATIONS

During our prior audit, we identified a number of internal control weaknesses in the Finance area that we believed were partially attributable to an inadequate number of trained and qualified staff. We reiterate these concerns based on the results of this audit. We continued to find issues which are either due to poor overall management, staffing inadequacies, or a combination of both. In addition, we believe some of the issues found in our current audit can also be attributable to a lack of communication, as well as trust, between various divisions in the agency.

With the retirement of the Finance Director in March 2014, Emergency Management is undergoing some organizational changes in the Finance area. Given these changes, management should take this opportunity to examine Finance operations and strengthen current practices. Areas to address include evaluating the number and competencies of staff, evaluating policies and procedures, and overall management of the Finance area.

Current Year Findings and Recommendations

Improve Financial Management Practices

Emergency Management needs to strengthen their overall financial management practices and procedures. Over the course of our audit, we found a number of cash management and budgeting issues that are indicative of overall weaknesses in Emergency Management's financial management practices.

In addition, we found several instances where Emergency Management was not in compliance with federal and/or state requirements related to cash management. The federal government requires agencies minimize the amount of time between when funds are drawn down from the federal government and when they are spent. In addition, Emergency Management's internal procedures (Federal Grants Management Drawdown Procedures) require federal drawdowns be spent within three days of receiving the money.

The Commonwealth Accounting Policies and Procedures Manual (CAPP Manual) also sets forth requirements over cash disbursements. Section 20315 of the CAPP Manual states that agencies must make payments by the required vendor due date or 30 calendar days after the receipt of goods, whichever is later. In addition, the Code of Virginia requires that state agencies and institutions pay for goods and services by the required payment due date. Agencies and institutions that process 50 or more vendor payments during a quarter are required to pay 95 percent of their payments by the required due date.

We found the following specific issues in our audit:

- Emergency Management had excessive federal cash on hand in late March 2013. This occurred because the Finance Director was out for a period of time and there was no one else with the capability to release expense batches. As a result, federal funds were drawn down but the corresponding expenses were not paid timely and Emergency Management was not in compliance with federal cash management requirements or their internal

procedures. In addition, they did not meet state prompt payment requirements for the quarter ended March 31, 2013. This situation also represents a staff cross-training issue in that no other Finance staff were able to release expense batches in the absence of the Finance Director.

- We reviewed a sample of expenses and found that three of 19 (16 percent) payments were not paid within prompt payment requirements established in the CAPP Manual. One of these expenses was not paid on time because an appropriation was not available.
- We reviewed a sample of federal drawdowns and found that three of 25 (12 percent) were not spent in a timely manner as required by federal cash management requirements or Emergency Management procedures.
- The former Finance Director made us aware of expense batches that were being held in December 2013 due to the lack of available funds. While this occurred after the audit period, we examined the documentation for these batches and found that many of the related expenses had been approved for several months but had not been paid even though the federal funds had been drawn down for these expenses. In this case, Emergency Management drew down funds from the federal government for specific expenses and these funds were not used as intended. The Finance Director asserted that this issue was caused by a particular grant that did not reimburse the agency timely for expenses paid, thus creating a cash flow shortage. The Finance Director did not communicate the fact that expense batches were being held, thus program staff were not aware that various vendors and localities were not paid timely. The expenses that were delayed were subsequently paid in March 2014.
- Emergency Management significantly overestimated appropriations in one program in the Federal Fund. Emergency Management requested and the Department of Planning and Budget (Planning and Budget) approved appropriation increases of \$67 million in the Emergency Response and Recovery Program. Emergency Management overestimated the additional appropriations by approximately \$18 million (26 percent) which brings into question how reliable the information is that is being used to support requests for appropriations increases. In accordance with Planning and Budget instructions, Emergency Management subsequently transferred these appropriations to other programs where additional appropriations were needed.
- Emergency Management incurs project management costs related to disaster projects which are funded with a combination of state and federal funds. These costs are initially charged to state funds until the federal reimbursement is requested and drawn down. Public Assistance staff have not been requesting and drawing down the federal funds for project management costs timely, which can cause a number of issues. First, state funds are not getting reimbursed timely, sometimes not until several years after the costs have been incurred. In fiscal year 2013, \$1.2 million in project management costs were requested and drawn down. These were reimbursements for project costs incurred in prior years. Additionally, this makes it difficult to track and monitor state expenses for disasters over the life of a disaster. Both Emergency Management and Planning and Budget rely

on information reported in the Commonwealth Accounting and Reporting System (CARS) to monitor state expenses for disaster declarations. The expense information on CARS may not be accurate if the state expenses include federal expenses which have not yet been reimbursed. We believe the failure to request the federal reimbursement for project management costs timely may be due to staffing and workload issues discussed elsewhere in this report.

- Emergency Management's procedures for tracking state funded appropriations and expenses at the individual disaster level need to be improved. The Budget Director has a process for tracking and monitoring the Governor's authorization, state appropriations, and expenses by disaster. We reviewed this documentation as of June 30, 2013, and found there were a number of individual disasters where expenses exceeded the appropriation approved by Planning and Budget but did not exceed the overall authorization granted by the Governor. In these cases, the Budget Director is not monitoring this activity frequently enough to ensure appropriations are requested in time for the individual disaster. In addition, it came to our attention that state expenses did exceed the Governor's authorization for one disaster event in fiscal year 2014. Emergency Management and Planning and Budget are working to resolve this issue.

Overall, Emergency Management needs to review and strengthen their overall financial management practices. While there are some inherent challenges in managing Emergency Management's programs and funding sources, their procedures need to be strengthened to improve accountability and ensure compliance with state and federal requirements.

Evaluate Overtime and Staffing in the Public Assistance Program

Emergency Management needs to review overtime policies and staffing in the Public Assistance area of the Recovery and Mitigation Division. The Public Assistance area is responsible for responding to disasters when they occur as well as continuing to monitor approved public assistance projects for years after a disaster is over. While these responsibilities do present some staffing challenges, there are some staffing and workload patterns that have developed in this area that management needs to evaluate.

During our audit, we found that the Public Assistance supervisor consistently worked an excessive amount of overtime in completing her job responsibilities. The supervisor worked 960 hours, 1,400 hours, and 1,300 hours of overtime, respectively, for fiscal years 2011 through 2013. Emergency Management overtime policies and procedures, dated June 2003, address overtime policies for exempt as well as non-exempt employees. According to the policy, exempt employees are authorized to work additional hours to relieve specific peak workload needs with advance written approval that needs to be submitted to the Human Resource Office within 3 days of the end of the pay period.

We reviewed timesheets for the Public Assistance supervisor and found that two of 22 (nine percent) timesheets were not approved by the division director, which is required by policies and procedures. Emergency Management policies and procedures require that timesheets with overtime

be approved by the division director as well as the agency head or deputy. In addition, there was no documentation to support advance approval for overtime or an indication that this information was provided to the Human Resources area as required. While it is apparent that agency management were aware of the overtime, it appears the individual was given a verbal blanket authorization to work whatever overtime was needed and overtime would be reviewed when the timesheet was submitted.

In an attempt to reduce overtime, the Recovery and Mitigation Division Director limited overtime to 15 hours a week starting in April 2013; however, our review of timesheets for the Public Assistance supervisor shows that her overtime exceeded the limit for eight of 11 (73 percent) pay periods tested between April and December 2013.

This excessive amount of overtime consistently occurring over time brings into question a number of issues that management needs to address. First, this amount of overtime creates challenges in terms of monitoring and approving the overtime worked each pay period. Second, it does not appear that overtime policies and procedures are being followed in this situation. Management needs to ensure procedures are being followed. Emergency Management may also need to review their procedures to ensure they are adequate relative to agency operations and address situations that may arise given their unique mission.

Lastly, management needs to review the staffing and workload approach in the Public Assistance area which includes the number of staff as well as the experience and training needed for staff in this area. The Public Assistance area currently has almost 1,900 open projects which cover nine disasters dating back to December 2009. These projects are worked by a staff of approximately five individuals (director, supervisor and three staff). Management needs to consider what is an effective workload distribution as well as the need for cross training. The current situation puts the agency at some risk in the event of loss of key staff in the Public Assistance area. In addition, after a certain amount of overtime employees are subject to burnout and not being efficient in their work, resulting in work taking longer than it should, which then compounds the problem.

Status of Prior Year Findings and Recommendations

As part of our current audit, we followed up on the findings from our prior audit to determine what actions Emergency Management had taken and whether these findings had been resolved. Our follow up included any actions taken through March 2014. While some findings had been resolved, other findings had not been completely resolved and these findings and a current status are discussed in this section.

Prior Year Finding: Evaluate Petty Cash Needs and Strengthen Controls

In our prior audit, we recommended that Emergency Management review petty cash funds on hand and evaluate whether these funds are necessary. Additionally, we recommended Emergency Management strengthen the current procedures including a lack of timely reimbursements, a lack of periodic counts of the cash funds, and inaccurate monthly petty cash reconciliations.

We followed up on our prior year finding and found that Emergency Management had made some improvements, but procedures over petty cash reconciliations could be further strengthened. Emergency Management has a petty cash bank account as well as two petty cash funds. To address

our prior year finding, Emergency Management reduced the petty cash account to a more appropriate amount, strengthened procedures over the petty cash account, and resolved the outstanding reconciling items.

Currently, the petty cash bank account is reconciled monthly and the petty cash drawers are reconciled quarterly. By reconciling petty cash at different periods, this can cause the monthly petty cash reconciliation to be inaccurate, since it does not properly reflect the correct balance of the petty cash drawers. In addition, Emergency Management did not follow their policies and procedures in addressing monthly bank fees and interest payments in a timely manner.

We recommend that Emergency Management review their policies and procedures and implement a consistent reconciliation process that will accurately reflect the petty cash balances and has proper supporting documentation. Procedures should be followed to ensure the service fees and interest receipts are reconciled timely. Inadequate procedures over petty cash funds increases the risk for the agency.

Prior Year Finding: Improve Controls Over Fuel Card Management

In our prior audit, we recommended that Emergency Management follow procedures outlined in the Office of Fleet Management Services (OFMS) Manual. Additionally, we recommended that fuel card holders submit gas receipts to the Fuel Card Account Custodian to ensure the purchases are appropriate and reconcile charges to the monthly vendor statement.

We followed up on our prior year finding on management over fuel charge cards and found that Emergency Management is in the process of developing new procedures over this area, but they are not completed as of the end of March 2014.

As a result, Emergency Management did not follow the OFMS Policies and Procedures Manual for their fuel card program during the period we reviewed. As part of our audit this year, we performed some additional analysis of fuel charge card program data and found various questionable purchases (e.g., multiple fill ups, after hours and holiday purchases). While these purchases may have been valid, Emergency Management staff were unable to provide explanations for the purchases since cardholders are not yet required to submit gas receipts to the Fuel Card Account Custodian for review. Without this type of documentation, it is difficult to understand the specifics of each situation and purchase.

As discussed above, Emergency Management is in the process of developing their Fuel Card Program procedures and anticipates these procedures will be implemented by the end of fiscal year 2014. The lack of procedures increases the risk that inappropriate purchases will be made with the fuel cards and go undetected.

Prior Year Finding: Follow FMS to CARS Reconciliation Procedures

In our prior audit, we recommended Emergency Management ensure Finance staff follow reconciliation procedures and CAPP Manual requirements to improve the efficiency of the process. Additionally, we recommended the Financial Management System (FMS) to CARS reconciliation be

signed and dated when reviewed and approved by management to ensure the reconciliations have been reviewed and approved timely.

We followed up on our prior year finding and found Emergency Management had made significant improvements in this area, but Emergency Management still needs to improve the timeliness of the reconciliations. To address our prior year finding, Emergency Management improved their reconciliation format and documentation supporting the reconciliations.

One area where Emergency Management should continue to strengthen the reconciliation process is to ensure all aspects of the reconciliation are completed timely. For example, the CARS to the FMS reconciliation for June 2013 was certified to the Department of Accounts (DOA) on July 15, 2013, but the reconciliation was not completed until March 2014. In addition, the December 2013 reconciliation was certified to DOA on January 30, 2014, but the reconciliation was not completed until February 2014. In these cases, Emergency Management had performed the reconciliation to ensure that CARS information was correct prior to certifying to DOA, but staff did not completely resolve and document variances in the FMS information until much later.

We recommend the fiscal staff resolve reconciliation variances timely to ensure the reconciliations are completed prior to certifying to DOA. This would ensure compliance with the CAPP Manual by certifying that the CARS reconciliation has been performed, reconciling variances are resolved, and the reconciliation is accurate.

AGENCY OVERVIEW

The Virginia Department of Emergency Management (Emergency Management) directs and coordinates the Commonwealth's Comprehensive Emergency Management Program. Emergency Management works with local governments, state and federal agencies, and voluntary organizations to provide resources and expertise for disasters in four major areas: preparedness, response, recovery, and mitigation.

FINANCIAL INFORMATION

Federal grants are the primary funding source for Emergency Management. The agency receives federal funding for federally approved disaster response activities as well as homeland security projects and hazard mitigation projects. Emergency Management also receives some General Fund appropriations primarily for disaster relief assistance. These funds are used to match federal funds in federal declared disasters and to provide assistance for those disasters declared by the Governor that are not large enough to qualify as a federal disaster.

In addition to state and federal funding, Emergency Management administers two other funds for disaster assistance. The Governor established the Tornado Relief Fund and the Virginia Disaster Recovery Fund in fiscal year 2011 to assist victims of a disaster when state, federal, and private aid is not available. The state initially contributed \$600,000 to the funds, and the Emergency Management also receives donations from individuals, companies, and nonprofit organizations.

The majority of Emergency Management's expenses are transfer payments to localities for either homeland security projects or disaster assistance. Emergency Management's expenses are recorded under four programs with the two most significant programs discussed below.

Emergency Preparedness Program includes the Homeland Security Grant Program (HSGP) which involves non-disaster grants. State agencies and localities can apply for grants to assist in covering costs to prepare for a disaster. The HSGP includes expenses for planning, organization, equipment, training, exercise, maintenance, and sustainment. Some of these grant funds cover projects which span multiple years.

Emergency Response and Recovery Program covers disaster expenses, which include Hazard Mitigation, Public Assistance, Individual Assistance, and Crisis Counseling. When a disaster occurs, the disaster will be declared a local, state or federal disaster depending on the severity and if the specified dollar thresholds are met. The disaster declaration affects whether the expenses will be funded with federal, state or local funds. If a disaster is federally declared, the federal government will fund part of the costs, usually 75 percent, with the state and/or localities covering the remaining 25 percent.

Due to the nature of Emergency Management's programs and funding, the budget can significantly change once it is approved by the General Assembly. This can be due to disasters that occur or additional federal funding that becomes available. Although there were no significant disasters in fiscal year 2013, Emergency's Management's budget increased significantly during the year primarily due to agency staff catching up on processing grants and projects from previous disasters. The following table shows budget and actual expenses by program for fiscal year 2013 with significant increases noted from the original to final budget.

Analysis of Budget and Actual Expenses by Program – Fiscal Year 2013

	Original Budget	Final Budget	Actual Expenses
Emergency Preparedness	\$22,807,992	\$ 51,200,568	\$ 50,372,729
Emergency Response and Recovery	15,759,909	55,208,970	51,769,985
Virginia Emergency Operations Center	3,090,981	4,594,825	3,968,217
Administrative and Support Services	<u>5,264,853</u>	<u>10,793,665</u>	<u>10,179,771</u>
Total	<u>\$46,923,735</u>	<u>\$121,798,028</u>	<u>\$116,290,702</u>

Disaster assistance activities may continue to occur for several years after the disaster occurs and as a result, there are a number of open disasters at any given time. How long a disaster remains open varies depending on several factors including the magnitude of the disasters and the volume and complexities of projects approved.

As discussed earlier in this section, Emergency Management receives General Funds for disaster assistance which are used to match federal funds or pay for disasters which do not meet federal criteria. These sum sufficient appropriations are approved by Planning and Budget based on authorizations by the Governor in the event of a disaster.

The following table shows active disasters as of June 30, 2013, which means the disaster is still open and Emergency Management is still managing individual projects related to the disaster and processing payments. The table includes the amount authorized by the Governor for each disaster, how much has been appropriated by Planning and Budget and expenses broken down by year. In some cases, total expenses exceed the amount appropriated and this issue is discussed in the "Audit Findings and Recommendations" section of this report.

Summary of Commonwealth's Authorization, Appropriation and Expenses for Active Disasters
As of June 30, 2013

Disaster Name (year)	Authorized Amount	Appropriated Amount	Expenses (by Fiscal Year)			
			2011 and Prior	2012	2013	Total
Hurricane Isabel (2004)	\$ 67,824,692	\$ 65,259,778	\$65,201,963	(\$27,971)	\$ 80,729	\$ 65,254,721
Tropical Depression Gaston (2007)	7,750,000	6,968,498	6,968,498	-	-	6,968,498
June Rains (2006)	2,171,104	1,726,445	1,663,849	-	62,596	1,726,445
Tropical Storm Ernesto (2006)	11,913,993	11,913,993	12,079,430	152,658	(318,095)	11,913,993
November Rains (2009)	2,693,126	2,372,749	1,575,844	527,297	481,634	2,584,775
December Snow (2009)	7,511,725	3,631,183	2,244,903	479,726	327,454	3,052,083
January Snow (2010)	100,000	49,959	49,959	-	-	49,959
February Snow 1 (2010)	5,867,063	2,598,282	1,164,905	1,153,349	406,172	2,724,426
February Severe Winter Storm (2010)	100,000	3,700	3,700	-	-	3,700
Hurricane Earl (2010)	100,000	18,354	18,354	-	-	18,354
December Snow (2010)	100,000	40,210	30,279	9,931	-	40,210
April Events (2011)	6,670,333	2,300,000	160,548	1,143,257	250,190	1,553,995
Governors Donation Program for April Events (2011)	600,000	300,000	-	-	-	-
Hurricane Irene (2011)	12,048,452	6,445,100	-	2,435,513	4,873,134	7,308,647
August Earthquake (2011)	8,143,937	1,643,937	-	459,256	752,913	1,212,169
September Rains Flood (2011)	1,202,549	250,000	-	54,812	84,421	139,233
June Tstorm Derecho (2012)	3,855,006	350,000	-	-	1,431,302	1,431,302
Hurricane Sandy (2012)	2,698,790	450,000	-	-	677,481	677,481
March Snow (2013)	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,374</u>	<u>14,374</u>
Total	<u>\$141,850,770</u>	<u>\$106,322,188</u>	<u>\$91,162,232</u>	<u>\$6,387,828</u>	<u>\$9,124,305</u>	<u>\$106,674,365</u>

Source: Department of Emergency Management Sum Sufficient Schedule as of June 30, 2013



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 1, 2014

The Honorable Terrance R. McAuliffe
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Virginia Department of Emergency Management** (Emergency Management) for the period July 1, 2012, through June 30, 2013. We conducted this performance audit 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.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Emergency Management's internal controls, test compliance with applicable laws, regulations, contracts, and grant agreements, and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

Emergency Management's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Petty Cash
Expenses - Payroll and Transfer Payments
Small Purchase and Fuel Charge Cards

Capital Assets
System Access
Sub Recipient Monitoring
Cash Receipts and Revenues

We performed audit tests to determine whether Emergency Management's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Emergency Management's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that Emergency Management properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. Emergency Management records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted certain matters involving internal control and its operation and compliance with applicable laws and regulations that require management's attention and corrective action. These matters are described in the section entitled "Audit Findings and Recommendations."

Emergency Management has not completely resolved some prior year findings and the status on these is included in the section entitled "Status of Prior Year Findings and Recommendations." Emergency Management has taken adequate corrective action with respect to audit findings reported in the prior report that are not repeated in this report.

Exit Conference and Report Distribution

We discussed this report with management on May 16, 2014. Management's response to the findings identified in our audit is included in the section titled "Agency Response." We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

LCW/alh



COMMONWEALTH of VIRGINIA
Department of Emergency Management

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May 23, 2014

Martha S. Mavredes, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Mavredes:

I appreciate the opportunity to review the Auditor of Public Accounts audit form for the Virginia Department of Emergency Management (VDEM) for the period of Fiscal Year 2013. I would like to thank your staff for their diligence in conducting this audit. I appreciate the recommendations made in the draft report. VDEM concurs with your recommendations.

VDEM has taken steps towards implementing these with recent organizational and process changes. We will continue to monitor our financial processes moving forward and strive for continuous improvement.

Thank you again for the professionalism and courtesy of your staff. If you need anything additional from us, please feel free to contact Ms. Cheryl Lee, acting finance director, at (804) 897-9760 or cheryl.lee@vdem.virginia.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "J. D. Stern", with a long horizontal flourish extending to the right.

Jeffrey D. Stern

JDS/BAB/bcf

VIRGINIA DEPARTMENT OF EMERGENCY MANAGEMENT

AGENCY OFFICIALS AS OF JUNE 30, 2013

Michael M. Cline, State Coordinator

Jack King, Chief Deputy Coordinator

Brett Burdick, Deputy Coordinator

Linda Coleman, Director of Finance

AGENCY OFFICIALS AS OF MAY 1, 2014

Brett Burdick, Acting State Coordinator

Jack King, Chief Deputy Coordinator

Cheryl Lee, Acting Director of Finance