

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

1900 Kanawha Blvd. East, Room E-132
Charleston, WV 25305-0610
(304) 347-4800
(304) 347-4819 FAX



Aaron Allred
Legislative Manager

April 30, 2019

The Honorable Mitch Carmichael, President
West Virginia State Senate
Post Audits Subcommittee, Co-Chair
Room 229M, Building 1
State Capitol Complex
Charleston, West Virginia 25305

The Honorable Roger Hanshaw, Speaker
West Virginia House of Delegates
Post Audits Subcommittee, Co-Chair
Room 228M, Building I
State Capitol Complex
Charleston, West Virginia 25305

Dear Mr. President and Mr. Speaker:

This letter is to update the Post Audits Subcommittee on the ongoing internal control and management issues within the Division of Homeland Security and Emergency Management (DHSEM), a division of the Department of Military Affairs and Public Safety. Although an update of the audit of the DHSEM internal control and management is not scheduled until late 2019, the Performance Evaluation and Research Division (PERD) finds it necessary to continue to advise the Post Audits Subcommittee of our present findings.

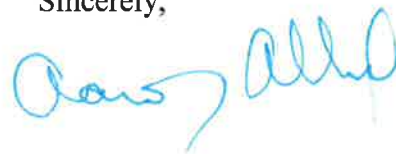
At present, the Performance Evaluation and Research Division finds that:

- The agency created an internal review section to conduct internal audits. The section currently consists of a Certified Public Accountant, quality control engineer, a monitoring coordinator, and will include a forensic accountant in the near future. The section will also assist county and municipal subrecipients with administrative closeout of grants.
- The agency started the process of developing policies and procedures and appointed a Deputy Director of Preparedness Grants with authority over all non-disaster grants. Moreover, the agency developed a Grants Administrative Plan.

- The agency submitted the final request for FY 2015 Emergency Management Preparedness Grants. This represents the state share of funds already spent.
- The agency expects to remain under the manual reimbursement penalty until July 2019 at a minimum. In July 2019, FEMA will conduct an onsite review and subsequently make a determination regarding removal of the penalty.
- The internal review section identified additional issues with regard to grants management. For example, the group identified an additional \$150,000 due to the Village of Barboursville.
- The 2018 Single State Audit continues to note significant deficiencies in internal controls of sub-recipient monitoring. The Director believes the agency has resolved all issues regarding subrecipient monitoring. However, a final determination will be made through the Single State Audit process for 2019 and 2020. Furthermore, although the agency is working to resolve all findings, due to the timing of the audit and the work needed to fully resolve the issues, these findings will also appear in the 2019 Single State Audit.

The Legislative Auditor concludes, based on a review of information provided by the agency and the 2018 Single State Audit, that deficiencies in internal control continue to exist. However, the agency is making progress in addressing the issues identified by FEMA, PERD, and external auditors through the hiring of internal audit staff, development of policies and procedures, submission of budgets to draw down Category Z fund, and the hiring of additional staff for grants management.

Sincerely,



Aaron Allred