

Office of the
Internal Auditor

AUDIT REPORT

August 2023

Emergency Procurement:
Hurricane Ian Audit



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Executive Summary

Background

Hurricanes Ian and Nicole made landfall in western and central Florida in 2022, causing severe catastrophic impacts on the residents of Florida. Florida's Governor issued three Executive Orders (22-218, 22-219, and 22-253), declaring a state emergency and allowing state agencies, such as Citizens, the authority to suspend Florida statutes that would prevent, hinder, or delay a response to the emergency (e.g., purchasing statutes). Citizens is responsible for responding to these catastrophic events in an immediate and timely manner to protect policyholders, agents, employees, vendors, and other stakeholders involved. In addition, the Citizens' President/CEO & Executive Director issued an emergency procurement authorization, allowing management to proceed with purchases without fully considering the standard procurement procedures.

Citizens' procurement process ensures that purchasing and contracting functions comply with Section 627.351(6)(e), F.S., Section. 287.057, F.S., and s. II.E.1., Citizens' Purchasing Policy 501. The Vendor Management and Purchasing (VMAP) department provides governance and assists employees with procuring commodities or contractual services most efficiently and effectively. As part of Citizens' emergency response actions, VMAP follows the standard procurement procedures to the extent possible. Depending on business unit needs, VMAP may determine the best approach to utilizing emergency purchase procedures. From October 2022 through May 2023, management reported the emergency procurement and contracting activity of approximately \$21 million for the services provided. The top three services and vendors utilized during the emergency response were independent adjusters, catastrophe call center services, and aerial imagery for damage assessment reports.

Objectives and Scope

This audit aimed to evaluate the processes and controls to assess alignment with emergency procurement procedures and perform a review of emergency procurement activity.

Our scope included a review of the following:

- Alignment with laws, rules, and regulations
- Collection of procurement data
- Procurement management process
- Procurement and contracting activity in response to the emergency
- Monitoring and reporting of emergency purchases

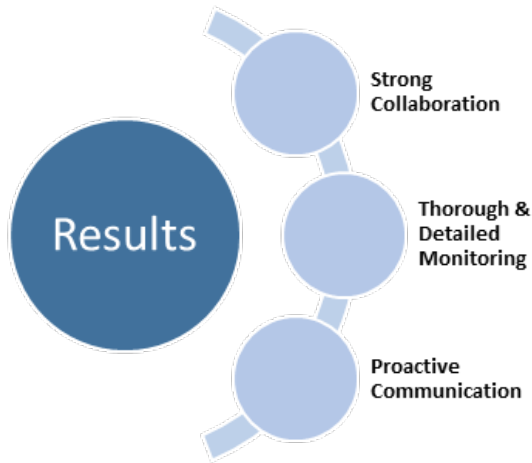
Audit Results

Based on the audit results, we concluded that Citizens' emergency procurement processes and controls are adequately designed to ensure optimal procurement practices and the efficient management of emergency response procurement activity. Internal Audit evaluated that the emergency products and services purchased were reasonable, we validated alignment with statute and policy and confirmed that the approvals and documentation were appropriately maintained. In addition, Internal Audit validated that the emergency purchases were monitored and reported timely to the Board of Governors.



Executive Summary

Internal Audit observed that management has the following successful practices in place:



Strong Collaboration: VMAP has effective collaboration and partnerships with critical business units and can effectively respond to the needs of the organization in an emergency event.

Thorough & Detailed Monitoring: VMAP maintains a comprehensive and detailed description of all procurement and contracting activities and performs monitoring to ensure the accuracy of procurement data. This allows management to respond to business requests swiftly and have sufficient oversight of all emergency purchases.

Proactive Communication: Management proactively reports and communicates the emergency purchases and procurement activity to the Board of Governors.

To enhance the procurement process, two opportunities for improvement were noted and discussed with management to be addressed.

We thank management and staff for their cooperation and professional courtesy throughout this audit.



Distribution

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