

STATE OF FLORIDA  
DEPARTMENT OF MILITARY AFFAIRS  
Office of the Adjutant General  
St. Francis Barracks, P.O. Box 1008  
St. Augustine, Florida 32085-1008

April 11, 2008

Mr. Terry L. Shoffstall  
Staff Director  
Joint Legislative Auditing Committee  
Claude Pepper Building  
111 West Madison Street, Room #876  
Tallahassee, Florida 32399-1400

Dear Mr. Shoffstall:

Pursuant to Section 20.055 (5)(g), Florida Statutes, enclosed, herewith, is the report, dated April 11, 2008, of the Inspector General, Department of Military Affairs, State of Florida, on the status of corrective actions taken in connection with the Auditor General's Report #2008-022, entitled "Operational Audit of the Department of Military Affairs, Administration of Selected Programs and Functions and Follow-Up on Selected Prior Audit Findings, for the period July 2005 through February 2007 including Selected Actions through 2007."

If you have any questions, or require any additional information, please contact Edward C. Mosca, CPA, State Inspector General, at (904) 823-0220.

Sincerely,



Douglas Burnett  
Major General  
Florida National Guard  
The Adjutant General

Distribution:  
Melinda Miguel  
Chief Inspector General of Florida  
David W. Martin, CPA  
Florida Auditor General  
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SIG

April 11, 2008

MEMORANDUM FOR Major General Douglas Burnett, the Adjutant General of Florida

SUBJECT: Status of Recommendations Included in the Auditor General's Report # 2008-022


Section 20.055 (5) (g) requires the State Inspector General (SIG) for the Department of Military Affairs (DMA) to monitor the implementation of the DMA's response to the Auditor General's Report #2008-022, entitled "Operational Audit of the Department of Military Affairs, Administration of Selected Programs and Functions and Follow-Up on Selected Prior Audit Findings, for the period July 2005 through February 2007 and selected actions through June 2007." Additionally, the above noted statute section requires that no later than six (6) months after the report is published, the SIG is to provide a written response to the Adjutant General (TAG) on the status of corrective actions taken.

With the above being brought forth, this response regarding the status of corrective actions taken by the DMA is based upon the March 31, 2008 memorandum prepared by Colonel Jesse D. Kinghorn, Jr. the State Quartermaster and appropriate inquiries/discussions with key DMA officials, as considered necessary under the circumstances. The nature of the work performed is further discussed below.

The scope of the work performed surrounding my response was intended solely for the determination of the status of corrective actions taken by the DMA in connection with the above noted Auditor General's report. This work did not, nor was intended to, include all work necessary to be in accordance with generally accepted auditing standards (as promulgated by the Institute of Internal Auditors, the Comptroller General of the United States -- "Yellow-Book", and the American Institute of Certified Public Accountants) and, consequently, no opinion is herewith rendered regarding those areas of work performed by the Auditor General or responses by the DMA other than the status of the recommendations as represented by the Sate Quartermaster documented by his memorandum attached hereto entitled "Status of Auditor General Recommendations." Further to this regard, no representations of any kind are herewith rendered upon the merit of the status of the recommendations or any supporting documentation, opinions, and/or representations included therein.

Therefore, in accordance with section 20.055(5) (g), the attached memorandum is presented as the written response relating to the status of recommendations included in the aforementioned Auditor General's report.

If you have any questions, regarding the above response, please contact me at extension #0220. For matters surrounding details of the status of individual recommendations, please contact Colonel Jesse D. Kinghorn, Jr. the State Quartermaster at extension #0200.

Handwritten signature of Edward C. Mosca in black ink.

Edward C. Mosca, CPA  
State Inspector General  
Department of Military Affairs

STATE OF FLORIDA  
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St. Francis Barracks, P.O. Box 1008  
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SQM-DIR

31 March 2008

MEMORANDUM FOR Edward C. Mosca, CPA, State Inspector General

SUBJECT: Status of Auditor General Recommendations

The following represents the status of corrective actions, relating to the Auditor General Report No. 2008-022, Operational Audit of the Department of Military Affairs, Administration of Selected Programs and Functions and Follow-Up on Selected Prior Audit Findings, for the period July 2005 through February 2007 including Selected Actions through June 2007. Support documentation has been provided under separate cover.

**Recommendation No. 1: The Department should evaluate, in accordance with OMB Circular No. A-133 criteria, the operation and management of the Multi-Jurisdictional Counterdrug Task Force Training Program (MCTFT Program) to determine whether payments made to the College constitute a Federal award or payment for goods and services. This determination should be documented and retained by the Department as required by the CFO and should also be reflected in the terms and conditions of the Department's contract with the College.**

Status: The Department has determined by reviewing the criteria in OMB Circular No. A-133 that payments made to the College constitutes a payment for good and services. The letter of vendor status will be retained in the Department's Purchasing Section. The contract between the Department and College will reflect this information in the terms and conditions section.

**Recommendation No. 2: The Department should strengthen its procedures to ensure that Family Readiness Program recipients timely provide documentation demonstrating that assistance is utilized as intended and authorized. Additionally, the Department should ensure that such documentation is retained in Program files.**

Status: The Department has secured all required receipts identified in the four deficient files and is reviewing all remaining case files to ensure 100% compliance. Furthermore, the Department has implemented Standard Operating Procedures (SOPs) which will ensure that (1) future program fund recipients fully understand their obligation to provide receipts within 14 days of funds expenditure, (2) the Department accurately tracks

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SUBJECT: Continuing Status of Auditor General Recommendations

compliance and non-compliance, and (3) the Department pro-actively seeks copies of receipts from fund recipients and/or vendors as needed.

**Recommendation No. 3: The Department should confer with the Joint Administrative procedures Committee to determine the appropriate actions necessary for compliance with the rulemaking requirements of Section 250.10, Florida Statutes for Education Assistance Programs.**

Status: The Department is currently seeking legal guidance through the Department's Judge Advocate General's office and writing the required rules in order to comply with the requirements of Section 250.10, Florida Statutes. These rules are being submitted through proper channels to the Joint Administrative procedures Committee for acceptance/approval in accordance with Section 120.54, Florida Statutes.

**Recommendation No. 4: The Department should revise EDD procedures to ensure that records document that participating members are only enrolled in authorized courses; final grades or transcripts are timely obtained, reviewed, and retained; and duplicate tuition and fee payments are not made. Also, the Department should seek legislative clarification as to whether its practice of automatically reducing reimbursements by pro-rated length of service is consistent with Section 250.10(9)(d), Florida Statutes, which requires reimbursement for all tuition charges and student fees unless there are justifiable extenuating circumstances.**

Status: The Department has implemented policies and procedures to ensure that members are enrolled in authorized courses. Degree plans are now on file prior to approval of tuition assistance. Grade submittal is now required prior to payment of tuition and also serves to track academic progress. Tuition payment procedures have been reviewed and updated to prevent overpayment/duplicate payment of tuition. These policies/procedures will be implemented in Florida Pamphlet FNG 621-5-2 upon rewrite. The DMA is seeking legal guidance from the Staff Judge Advocate Office to clarify the intent / policy of Florida Statute 250.10 on reimbursement requirements. The changes/guidance will be implemented in the Administrative Rules and Florida Pamphlet FNG 621-5-2 upon rewrite. The Department has changed the procedure in the interim for calculating the amount owed if a member departs the Florida National Guard prior to completion of the three year service requirement.

**Recommendation No. 5: The Department should revise its Architectural Selection Process procedures to ensure a public announcement and a formal competitive**

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**selection and negotiation process for architectural and engineering services when construction costs or professional fees exceed the threshold amounts specified in Section 287.055, Florida Statutes.**

Status: Effective January 2008 the Department implemented a "Standing Operation Procedure (SOP) for the selection of the Design Professional". The SOP implemented current Florida Statutes including competitive selection of design firms for projects whose cost will exceed \$1,000,000. We have not only ensured thorough compliance with the SOP, but have also posted ongoing advertisements for major and minor design and professional services. Due to this action, we have expanded the pool of firms competing for contracts twenty-fold over the past. However, we still disagree with the Auditors' opinion in interpretation regarding statewide continuing contracts, specifically the cumulative nature of the \$1,000,000 maximum in construction costs. The opinion seriously impedes our ability to employ top-quality, proven architect-engineer (A/E) firms and degrades our ability to contract and obligate funding issued at the end of the fiscal year from the National Guard Bureau.

**Recommendation No. 6: The Department should enhance the oversight of its construction program to ensure adherence to contract terms and conditions (contract compliance). Specifically, the Department should ensure that criminal history background reports are obtained and reviewed when required by the terms of the agreement; architects, contractors, and subcontractors are adequately and properly insured; and certification of work progress is adequately documented.**

Status: The Department has determined through research of Florida Statutes and consultation with other available authoritative resources, requirements for criminal history background reports do not apply to Department of Military Affairs' projects. We will omit the requirement for criminal history background reports from future construction contract awards. We have implemented procedures to verify compliance with insurance requirements. Notices to proceed with construction contracts are not issued prior to compliance. A/E certification of construction contractor payments is now required prior to processing for payment. We have omitted the requirement for criminal history background reports and ensure strict compliance with insurance requirements prior to issuing notices to proceed. We enforce requirements for A/E certifications in those contracts that include the requirement; however, in select contracts we have determined the Agency's project managers have sufficient and detailed information

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regarding status of project completion and validity of percentage payments. Therefore, in effort to streamline the payment process, we have omitted the A/E certification requirement in those contracts. In any case, with or without certification of the A/E, we have reasonable assurance payments rendered are commensurate with contract work performed.

**Recommendation No. 7: The department should continue its efforts in developing comprehensive procedures manuals for its various business operations.**

Status: The Department has enhanced its internal controls with the development and maintenance of comprehensive procedures manuals for department business operation of the Finance/Accounting, Purchasing/Contracting, State Personnel, and Services Sections in the State Quartermaster Office by writing Standard Operating Procedure (SOP) manuals for each desk. SOP's will be reviewed and updated annually.

**Recommendation No. 8: The Department should continue its efforts to ensure that current and future specified State employees are advised of the filing requirements of Section 112.3145, Florida Statutes, and ensure that the statements are filed in a timely manner with the Commission of Ethics.**

Status: In accordance with guidelines established by the Senior Attorney with the commission of Ethics, Federal Employees sitting on the Armory Board are considered to be State Officers. With this said, the Armory Board Federal General Officers and Major Command Commanders have been added to the list to submit Financial Disclosures. The Ethic Commission's roster has been updated to reflect the current members. Members are to submit their disclosures no later than July 1, 2008.

**Recommendation No. 9: The Department should conduct a thorough analysis of its building and contents valuations to ensure that appropriate property insurance coverage is obtained through the Trust Fund. The Department should also continue its efforts in developing a risk management methodology and guidelines to document the Department's insurance plan.**

Status: SQM and CFMO have joined its staffs to review, identify shortcomings, and process improvements to the State Property Insurance program in the DMA. To ensure that evaluation is done methodically, determining improvements to the State Property Insurance Program has been assigned to the DMAIC Process (Define, Measure, Analyze, Improve and Control). The Auditor's recommendation stated that the Department should

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conduct a thorough analysis of its property (real and tangible) to ensure that there is appropriate insurance coverage in accordance with Chapter 284, Florida Statutes. Using this analysis, the Program's ability to ensure that this coverage is in place will be accomplished during the Define, Measure, and Analyze phases. The Core Team has had four Project Meetings to define the problem and develop the Project Charter. The final Charter was completed moving into the Measure Phase. A more formal schedule of the Method will be published in the Charter at the end of the Define Phase.

  
JESSE D. KINGHORN, JR., Col, FLANG  
State Quartermaster